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DOUGLAS

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NEWS SUMMARY

GENERAL

Tankers blaze after collision

Two fully-laden supertankers burst into flames after colliding 10 miles north-east of the Caribbean island of Tobago. Rescuers picked up 42 survivors but 35 seamen are missing.

The ships, both Liberian-registered, were the Atlantic Express, 282,000 tons, and the Aegean Captain, 210,357 tons. After the impact the vessels drifted about a mile apart and a 12 square mile patch of oil was reported by coastguards.

All the crew of the Aegean Captain were saved. It was holed in its starboard bow and its forecastle caught fire.

The other ship was reported to be completely engulfed in flames. Only seven of her crew were picked up. Lloyd's face biggest loss, Page 3.

Rhodesia deaths

More than 180 Zimbabwe Rhodesian auxiliary forces—private armies loyal to political parties—were killed in clashes with regular Government troops, Salisbury military headquarters said. Most were supporters of the Rev. Ndabaningi Sithole's ZANU party.

DC-10 crack

DC-10 airliner leased by British Airways from Air New Zealand has been grounded at Heathrow for at least a week after a 15-inch crack was found in an engine pylon. The crack was not connected with the problems reported by the U.S. authorities, the New Zealand line said, Page 3.

New Times crisis

Union at Times Newspapers are, at their request, to meet the company's main board after the unexpected collapse of union-management talks on a formula for restarting The Times and The Sunday Times. The seven unions involved rejected revised management terms, Page 3.

Skipper to pay

The skipper of the trawler Bristol Sea Ranger, which sank off the Cornish coast last December with the loss of five lives, had his skipper's certificate suspended for 18 months. The ship's owners were censured and ordered to pay £1,000 towards the cost of a Department of Trade enquiry.

Hostages taken

Guinness held a Dublin bank manager's wife and two children hostage as he was forced to hand over £50,000 from the bank vaults to others in the gang. His family was later released and returned from an isolated farmhouse.

U.S. troops stay

President Carter ordered a freeze on the withdrawal of U.S. combat troops from South Korea until 1981, but authorised the pull-out of some support units. He said he took the decision to deter any North Korean attack and to give the South time to complete ground defences.

Cheers for Queen

The Queen received a tumultuous welcome in the Tanzanian capital of Dar Es Salaam on the second day of her African tour.

Briefly...

Public Picasso's painting Guernica will be handed over to Madrid's Prado Museum within 18 months, the Spanish Government said.

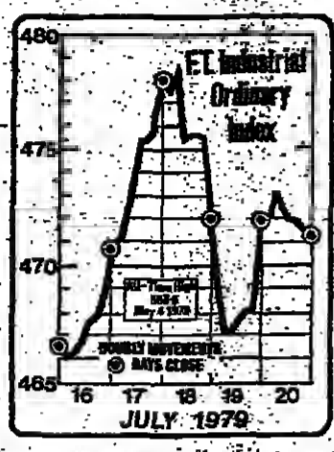
Fifth-century Celtic burial stone has been taken from St. David's Cathedral, Dyfed.

Two policemen were knocked out when their van involved in a chase, struck a sea-saw in a North London park.

BUSINESS

Equities down 0.7; Sterling falls 2.1c

EQUITIES: Turnover remained low and the FT 30 Share Index closed 0.7 down at 471.2 for a gain of 4.6 on the week.



GILTS moved only narrowly, although shorts traded a shade easier, usually by 1/8 or so. The Government Securities Index was down 0.11 at 73.37.

STERLING declined, closing at \$2.2730, a fall of 2.1 cents. Its trade-weighted index fell to 72.3 from 72.8. DOLLAR improved against most currencies and its trade-weighted index rose to 84.2 (83.7).

GOLD lost \$1 an ounce to close at \$288, a rise on the week of \$10.

WALL STREET near the close was up 1.23 at 285.58.

RAILROCK GROUP (the railway conglomerate) is to develop a £20m cable park near New York, Page 3.

BRITISH TANNERS PRODUCTS, in which the National Enterprise Board has a 50 per cent stake, announced that receivers have been appointed, Page 3.

UK Rio Tinto-Zinc group's Canadian mining arm may lose a 20-year contract worth about \$770m to supply uranium oxide to the Tennessee Valley Authority, Page 3.

CHRYSLER OF EUROPE'S director of engineering, Harry Shelton, is moving to BL as managing director of a new subsidiary, BL Technology, Page 3.

UK STOCK EXCHANGE remain opposed to the introduction of automatic sanctions for companies which do not adhere to accounting standards, Page 3.

FORD has agreed in principle to sell about half its stake in Richier, the French construction equipment group, which has run into heavy losses since being bought by Ford in 1973, Page 3.

CHEMICAL industry output in the UK dropped 5 per cent in the first three months of this year compared with the previous quarter following 'severe disruption' caused by the road haulage dispute, Page 3.

LABOUR

STEEL unions were urged by 5,000 workers at the British Steel Corporation's Corby plant to institute a national strike if the corporation issued firm proposals to shut down manufacturing at Corby, Page 3.

COMPANIES

WALLIS FASHION Group advanced pre-tax profits from £10.8m to £15.1m for the year to January 31 on turnover up from £13.2m to £21.9m, Page 18.

GROUP LOTUS Car Companies report second half profits of £369,418 against £271,674 to lift taxable surplus for 1978 by 27 per cent from £556,674 to £716,418, Page 18.

CIBA-GEIGY, the Swiss chemical group, reports a sales growth of 6 per cent for the first half of the year to £1,531.5m (£3,250m) compared with SwFr 5bn, Page 21.

Minority stake in British Airways for sale to public

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A SUBSTANTIAL minority of shares in British Airways, the State airline, is to be sold to the public. At the same time, the airline is to be given a new capital structure, freeing it from direct Government financial control.

Announcing that in the Commons yesterday, Mr. John Nott, Trade Secretary, made clear that the Government would retain the majority shareholding and would not dispose of parts of the airline.

The intention was for the Government to leave the airline's management greater independence and commercial freedom, borrowing its cash where it could get the best terms.

The precise extent of the shareholding to be sold remained to be settled, but the 57,000 employees would be given preference to buy.

If the proposals were approved, Mr. Nott said, up to £1bn would be saved from the Government's public expenditure bill, in loans for fleet purchases and other purposes.

The airline's present investment programme would amount to £2.4bn over the next five years. Mr. Nott wanted to ensure that it was not "continually subject to the vagaries of wider public constraint."

Labour MPs attacked the plan as "nothing short of aerial piracy" and a "swoop" on the whole airline in one fell swoop. Mr. Nott said that the

plan accorded with the Conservatives' election manifesto. British Airways was effectively controlled by one or two Ministers and by the odd Treasury official, he said. "That is what public ownership from above means."

The aim was to give the airline's management greater flexibility to meet the changing requirements of the world aviation marketplace, rather than making it dependent on Government targets and support.

Mr. Nott emphasised that no part of the airline would be disposed of separately, nor routes reallocated, although he indicated that the Government would revise the guidelines given to the Civil Aviation Authority on route licensing.

Those are governed by the Labour Government's "spheres of influence" policy, in which British Airways and British Caledonian, the leading independent, are allocated areas of the world as their exclusive

Qatar breaches OPEC pact with spot sales

BY KEVIN DONE AND RICHARD JOHNS

QATAR, ONE of the smaller Gulf oil producers, has sent a new wave of uncertainty through world oil markets by selling an important part of its July crude oil output on the spot market. The prices obtained are far above the levels agreed last year under the OPEC pact with international oil traders, but the final price it realised is understood to be \$34 to \$35 a barrel.

This still gave it a premium of about \$13 over its term contract prices of \$21.23 to \$21.42 a barrel. OPEC set a maximum contract price of \$23.50 a barrel, but that they had not yet offered any oil in their Qatar contract supplies. But it is still not clear where Qatar's spot market crude will come from.

BP faces the loss of an important part of its Kuwait crude supplies, however.

Its main five-year contract, which runs out at the end of March next year allows it to lift 450,000 b/d. Earlier this year, when it lost more than 1m b/d from Iran, it succeeded in gaining a small extra contract which is now in doubt.

Under the additional contract BP was to lift 40,000 b/d in the first, second and fourth quarters and 80,000 b/d in the third quarter.

But it is understood that Kuwait wishes either to hold back this oil for domestic refining, to allow it to realise the higher margins available from the sale of oil products, or to reduce output.

Nigeria is talking about 10 per cent production cut to about 2.15m b/d from the present high level of over 2.4m b/d.

BP, which has been lifting 380,000 b/d from Nigeria, has already lost 100,000 b/d, ostensibly for using a tanker with South African connections to ship its crude. It stands to lose another 34,000 b/d as a result of the decision by Lagos to raise the state's equity stake in its joint producing ventures to 50 per cent from the present 55 per cent.

Lloyds Bank profits rise 60%

BY CHRISTINE MOR

LYOYDS BANK, the first of the big-four clearing banks to publish its interim results, has reported a 60 per cent increase in pre-tax profits for the six months to the end of June, and a 35 per cent rise in the half-time dividend.

Analysts had expected profits of between £118m and £131m, after £106m in the previous six months and £78m in the first half of last year. Most expectations had been for around £126m so the shares drifted down 2p to 390p from the news that the bank had made £122.76m.

Mr. Jeremy Morse, the chairman, said that the dividend increase "goes part of the way towards matching the rise in the Retail Price Index since 1972."

But Mr. Norman Jones, group chief executive, would not be drawn on whether the final dividend would go all the way. International earnings were static and the entire improvement came from the UK.

Deposits grew in line with inflation but higher interest rates led to a swing towards deposit account.

Advances grew even more steeply—by about 13 per cent—particularly in the last six to eight weeks. Mr. Jones did not believe this reflected increased investment in British industry but rather a pre-Budget consumer boom.

During the period average base rate was 12.83 per cent compared with 10.7 per cent in the previous six months, but the higher rates on deposits squeezed margins to 2.79 per cent compared with 3.23 per cent.

Mr. Jones sees minimum lending rate staying at its present level for a time with a possible drop towards the end of the year and a much lower figure next year.

The interim figures contain £4.8m for bad debts, but Lloyds has not changed its accounting policies so far to meet widespread calls for further disclosure.

Energy chief goes in Carter changes

By Jurek Martin, U.S. Editor, in Washington

DR. JAMES SCHLESINGER, the U.S. Energy Secretary and Mr. Brock Adams, head of the Transportation Department yesterday became the final casualties in President Jimmy Carter's drastic Government reorganisation.

Dr. Schlesinger will be replaced, probably in the autumn, by Mr. Charles Duncan, the Deputy Defence Secretary. Mr. Duncan, a Texan by birth, was, until 1974, president of the Coca-Cola Bottling Company of Atlanta and his elevation, rightly or wrongly, is being seen as a further strengthening of the Georgian hold on the Government.

Mr. Adams, even more so than Mr. Michael Blumenthal and Mr. Joseph Califano, ousted from Treasury and Welfare on Thursday did not go quietly. He had been told earlier this week that he would be retained if he got rid of some senior assistants, be bridled, but a sharp confrontation with Mr. Hamilton Jordan, the new White House Chief of Staff, and yesterday was summarily removed.

His temporary replacement is Mr. Graham Claytor, present Navy Secretary, but the hot tip as the next permanent Secretary of Transportation, Congressional approval permitting is Mr. Jack Watson. He is the White House aide and former partner in the Atlanta law firm headed by Mr. Charles Kirbo, the President's lawyer, and Mr. Griffin Bell, who resigned, without much acrimony, as Attorney General on Thursday.

In the view of the White House, Mr. Adams's demotion was a grandstand political ploy, designed by him to enhance his political prospects for a Senate race he is planning next year. But it only added to the controversy about the way in which this week's changes have been effected and the new grip that the so-called Georgian has managed to establish on the U.S. capital, notably bank lending.

Yesterday Republican Senator Ted Stevens of Alaska, and former Treasury Secretary, Mr. William Simon, openly questioned whether the President had taken leave of his senses. Some of Mr. Carter's supporters rallied to his defence, notably Senate leaders Robert Byrd and Alan Cranston, but a wide range of moderate-to-liberal Democratic sentiment, led by Senator Edward Kennedy, protested at the ousting of Mr. Califano, in particular, and Mr. Blumenthal.

Fed raises discount rate

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Reserve Board moved decisively yesterday to support the dollar amidst the upheavals within the Carter Administration. It raised its discount rate from 9 1/2 per cent to 10 per cent.

The Fed action follows Thursday's announcement that Mr. Michael Blumenthal was to be replaced as Treasury Secretary by Mr. G. William Miller, chairman of the Fed.

The discount rate increase came shortly before the Commerce Department reported a steeper-than-expected fall in real gross national product in the second quarter seasonally adjusted 3.3 per cent annual rate.

The Department also revised its first-quarter figures to show a real increase at an annual rate of 1.1 per cent instead of the 0.8 per cent fall reported previously.

In announcing its increase in the discount rate, the Fed said it acted as a further step to strengthen the dollar on the foreign exchange market. The step was taken because of the recent rapid rate of expansion in the monetary aggregates and to bring the discount rate into alignment with short-term interest rates generally.

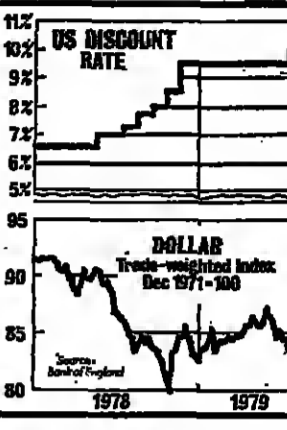
The discount rate increase, coupled with the weakening of the economy in the second quarter, buoyed up the bond and money markets, which had

increasingly feared that the weakening dollar would force the central bank to tighten monetary policy fiercely and raise interest rates sharply.

It was also reasoned that the new evidence of slower economic growth might hold out better hopes that inflation too will ease.

However, the positive but slight movement in the markets, and economists' comments left little doubt that there is no real felicitous that the latest moves will deflect further problems for the dollar.

It was pointed out that while the replacement of Mr. Blumenthal by Mr. Miller has



New £1.5bn gilts stock

BY PETER RIDDELL

A NEW £1.5bn gilt-edged stock is to be offered for sale by the Bank of England next week in an attempt to finance the Government's expected large borrowing needs over the next couple of months.

This will be the largest issue of a single stock in 100 years. The offer is by tender and is payable in instalments (to match the pattern of borrowing), like most recent gilt issues.

The Bank clearly wants to maintain the momentum of its large funding programme in view of other expansionary influences on the money supply, notably bank lending.

Public sector borrowing is expected to be particularly heavy in the banking month to mid-September when the recent income tax rebates show up—the bulk of the new issue is payable in this period.

At least £500m of gilt sales have already been committed for the month to mid-August.

Only £15 per £100 has to be subscribed with tenders with 240 per cent due on August 20, and the balance on September 6.

The stock—11 1/2% Treasury 2003-07—is being offered at a minimum tender price of £96.50 per £100. At this price the flat yield is 12.19 per cent and the gross redemption yield is 12.19 per cent.

These returns were intended to be broadly in line with the market, though there is a slightly distorted pattern of yields for very long-dated issues.

The stock's partly-paid form could attract some investors. A lot may depend on what happens to sterling early next week before sales close at 10 am on Wednesday.

The announcement had little impact on the gilt-edged market yesterday. The last long-date issue—12 1/2% Exchequer 1989—was exhausted on July 2.

£ in New York		
	July 19	Previous
Spot	152.2858-0.2880	152.2858-0.2880
1 month	104.0-0.00	0.78-0.72
3 months	101.15-0.15	1.83-1.79
12 months	4.18-4.10	4.63-4.58

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PLEASE INVEST IN THE ACCUMULATION INCOME units. M&G American Recovery Fund is a public limited company. The fund's investments are made outside the United Kingdom. The fund's investments are made outside the United Kingdom. The fund's investments are made outside the United Kingdom.

REGULAR SAVINGS As an alternative, or in addition to investing a capital sum, you can start an M&G Regular Savings Plan through an assurance policy issued in America Recovery for as little as £12 a month. The company will retain tax on your behalf and add it to your payments (provided that your total assurance premiums do not exceed £1,500 p.a. or one-sixth of your total income, whichever is the greater). On a £20 net a month Plan, for example, tax relief at the current rate of 17 1/2% would bring your gross premium up to £24.24 a month. If the rate of tax relief varied, the amount you pay will vary. You can continue payments for any number of years up to 20. Regular investment of this type means that you can benefit from the inevitable fluctuations in the price of units through Pooled Cost Averaging.

The company invests 98% to 115% of each payment (depending on your starting age), except in the first two years when these figures reduce to 75% to 85% to cover setting-up expenses. After two years, therefore, the amount invested will be the same as the amount you pay. The fund's investments are made outside the United Kingdom. The fund's investments are made outside the United Kingdom.

OR £12 Complete this section if you wish to start a Life Assurance Plan by paying monthly premiums (minimum £12 a month). I wish to pay £12 per month for a life assurance policy with benefits under the M&G American Recovery Fund.

I enclose my cheque for the first net monthly payment, made payable to M&G (Assurance) Limited. Underwritten that this is a genuine, correct and valid declaration and that the company will not assume any liability for the cancellation of acceptance has been issued.

NAME AND ADDRESS OF USUAL DUTY (in which reference may be made)

OCCUPATION

DATE OF BIRTH

IF YOU ARE PAYING BY DIRECT DEBIT (DD) FROM YOUR BANK ACCOUNT, please complete the following: DD FORM 100 (DD FORM 100)

IF YOU ARE PAYING BY DIRECT DEBIT (DD) FROM YOUR CREDIT CARD, please complete the following: DD FORM 101 (DD FORM 101)

IF YOU ARE PAYING BY DIRECT DEBIT (DD) FROM YOUR SAVINGS ACCOUNT, please complete the following: DD FORM 102 (DD FORM 102)

IF YOU ARE PAYING BY DIRECT DEBIT (DD) FROM YOUR CURRENT ACCOUNT, please complete the following: DD FORM 103 (DD FORM 103)

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CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

MARKET	Price	Change
SHARES		
Atlantic Assets	106	+4
Automated Secs	138	+8
Blue Circle	280	+8
Brown and Jackson	200	+20
Clifford Davies	88	+14
Distillers	234	+7
Empire Stores	186	+6
Erskine House	52	+5
Glass Glover	37	+5
Gordon (L)	50	+5
Lynion	170	+10
Moorgate Mercantile	14	+2
Muirhead	228	+9
Negretti and Zambra	49	+4
Parker Timber	192	+10
Polymark Retail	78	+9
Stanhope	80	+5
Stivo Shoes	165	+4
Trusthouse Forte	152	+5
Wedgwood	80	+5
Western Brd Mills	100	+7
Sogomana	315	+15
Pacific Copper	73	+8
Silvermines	55	+10
FALLS		
Hunting Gibson	280	-7
NatWest Bank	382	-6
SEET	65	-4
Turner and Newall	121	-3
Whitts Fashion	72	-10
Windsorville	100	-5
Western Mining	120	-5

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OVERSEAS NEWS

GNP fall confirms recession

BY DAVID BUCHAN IN WASHINGTON

CONFIRMATION of the U.S. economic recession came yesterday with the news that the Gross National Product fell at an annual rate of 3.3 per cent between April and June, the steepest quarterly decline in four years.

The Commerce Department attributed its preliminary estimate of the sharp second quarter drop almost wholly to falling sales of cars, trucks and energy-related goods caused by the petrol shortages and price increases.

Mrs. Courtenay Slater, the department's chief economist, predicted that growth in the third quarter of this year was unlikely. A recession is technically defined here as a drop in national output for two successive quarters.

But she told a Press conference that she expected yesterday's action by the Federal Reserve Board in raising its discount rate from 9.5 to 10 per cent to have little significant impact on economic activity in the current quarter. The reason for the expected continued drop in growth in the third quarter was that business inventories had risen in the last three months and therefore companies could be expected to use up these stocks before increasing future purchases.

The official Administration growth forecast is for a 0.5 per cent decline in 1979, and Mrs. Slater said she still considered this reasonable. The Commerce Department yesterday also revised upwards its estimate of GNP growth in the January to

March quarter to an annual rate of 1.1 per cent.

The preliminary estimate of the second quarter fall was an even bigger drop than had been expected. Mr. G. William Miller, the Federal Reserve chairman and Treasury Secretary-designate, recently suggested that real output this year might decline by between 0.5 and 2 per cent. Fed predictions have generally proved more accurate than the Administration's this year.

Inflation, according to the GNP fixed-weight price indicator, rose at an annual 9.8 per cent in the April-June period, virtually unchanged from the previous three months. Until this rate of price increase was curbed, Mrs. Slater said, she considered the prospects for renewed economic growth dim,

though she expected the recession to be relatively mild and short.

"Higher oil prices and the resulting drain of purchasing power abroad cut into consumers' real incomes in the second quarter. In the months ahead, this phenomenon will continue to restrict real growth," she said in a statement.

There were two rays of hope, according to the Commerce Department. Housing construction was not declining as fast as some had predicted, and Mrs. Slater said the prospects for U.S. exports were good, despite the gloomy report this week by the Organisation of Economic Co-operation and Development (OECD) of slow growth in countries which were major customers for U.S. products.



Dr. Eschel Rhoodie

Rhoodie is wanted on seven fraud charges

By Quentin Peel in Johannesburg

DR. ESCHER RHOODIE, former secretary of the disbanded South African Department of Information, faces seven charges of fraud, allegedly theft, if he is extradited to South Africa.

A warrant for his arrest was issued on June 1 in Pretoria, Mr. F. W. de Klerk, the Acting Minister of Justice, announced yesterday, and the South African Government has started the legal process for extradition.

French officials indicated, however, that it was far from certain that Dr. Rhoodie would be extradited.

The sudden arrest of Dr. Rhoodie at a flat in Juan-les-Pins in the south of France has come as something of a surprise, for observers here believe the South African Government could be seriously embarrassed by revelations he might make if brought to court. The fact that the South African authorities had apparently been unable to find him since he left the country last November, whereas several South African newspapers had tracked him down, suggested that the Government was less than keen to see him brought home.

Dr. Rhoodie was the architect of South Africa's northodox international propaganda campaign, financed by secret funds which totalled some R64m (£23.2m).

The Erasmus Commission of Inquiry identified private property deals undertaken by Dr. Rhoodie with secret State funds, and said he deposited more than R400,000 in the bank accounts of his wife and himself over a four-year period, although officially he never earned more than R1,000 a month.

Although the so-called Muldergate scandal has already caused the resignations of Dr. Connie Mulder, the former Minister of Information, and Mr. Jehu Vorster, the former Prime Minister and State President, other major political figures could yet be embarrassed by Dr. Rhoodie's evidence.

Dr. Rhoodie is also capable of giving details of his secret "influence-buying" which would undoubtedly be most embarrassing to former collaborators. He has claimed they included British MPs, members of the Japanese Diet, and U.S. politicians.

If the South African Government does successfully extradite Dr. Rhoodie, it will be an indication that Mr. Botha feels his position strong enough to weather his revelations.

David White adds from Paris: Dr. Rhoodie is awaiting an extradition hearing by a French court.

He cannot, however, be extradited except by a decree based on the court's decision, signed by M. Alain Peyrefitte, the French Justice Minister, and counter-signed by M. Raymond Barre, the Prime Minister.

Vietnam offers to discuss refugee camp proposal

BY DAVID DO'ELL IN GENEVA

VIETNAM YESTERDAY failed to make any firm concessions to stop the exodus of refugees from Indo-China at the international conference here, but the UN High Commission for Refugees (UNHCR) was hopeful that the target of homes for another 250,000 refugees would be met by the international community.

Lord Carrington, the British Foreign Secretary, and head of its delegation, and Mr. Sinnathamby Rajaratnam, Singapore's Minister for Foreign Affairs, yesterday criticised the Vietnamese.

Lord Carrington's attack was by far the most blunt: "I am bound to wonder what lies behind the exodus and why tens of thousands of men, women and children have died in the South China Sea because they could not or would not continue living in their country. One can only conclude that they have left because the policies of the Vietnamese Government made it impossible for them to remain," he said.

Mr. Thanhbinh, Vietnam's Deputy Foreign Minister, repeated his country's willingness to abide by the seven-point plan for orderly exodus drawn up by UNHCR at the end of May, and added that his Government would be prepared to discuss a proposal to set up a transit camp inside Vietnamese territory. The May agreement dealt with family reunion and certain humanitarian cases.

Japan, represented by Mr. Simao Sono, Minister for Foreign Affairs, promised to finance 50 per cent of the UNHCR budget, 50 per cent of the cost of setting up a transit camp on Indonesia's Galang Island, and substantial assistance to help Thailand to cope with Cambodian refugees.

Japan has also promised to accept boat refugees for temporary asylum and guaranteed that Japanese ships will pick up refugees at sea.

The French delegation asked Vietnam for a six-month moratorium on refugees leaving the country, and suggested that countries receiving refugees should take one refugee per thousand of their own population. This would mean that Britain would take 50,000 refugees.

Lord Carrington also suggested a commission to mediate between the Vietnamese Government and recipient countries.

Plan to aid world's poor

BY BRUJ KUNDURIA IN ROME

A FAR-REACHING programme was agreed at a conference here in Rome to reduce the grinding poverty afflicting more than 800m villagers in Third World countries, but it is likely to have little effect because of patchy implementation.

The main result may be a new flow of official information from the UN Food and Agriculture Organisation (FAO), which may rise in the UN hierarchy as a result of the meeting.

Rural poverty is, perhaps, the worst problem facing developing countries, where food supplies are often adequate, but the poorest people continue to starve because they cannot afford to buy the food, according to reports prepared by the FAO.

The programme agreed at the FAO-sponsored conference, includes a declaration of principles and separate guidelines for action to be taken on the national level by developing countries governments, and for cross-national and aid priorities.

These actions cover such aspects as providing land for the landless, reforming tenancy laws, promoting co-operative control of resources, building up craft and rural industries, and encouraging villagers to take part in local development through more peasant organisations and trade unions.

The developing countries unsuccessfully sought to obtain pledges from the industrialised nations for more money and reduction of barriers against food and other agricultural imports from the Third World.

Rhodesians attack camp in Zambia

By Tony Hawkins in Salisbury

ONLY A week before the Queen's State visit to Zambia, Zimbabwe Rhodesian security forces yesterday attacked a Zipra guerrilla camp in southern Zambia. A combined operations communique said that all forces and aircraft had returned safely to base after a morning assault against a resupply camp at Sindi, some 12 miles from the southern Zambian town of Livingstone.

A military spokesman in Salisbury said that the attack was launched to prevent "an imminent terrorist crossing as well as to counter resupply of terrorists within Zimbabwe Rhodesia."

The Queen is due to arrive in the Zambian capital of Lusaka next Friday.

Two weeks ago, Bishop Muzorewa, the Prime Minister, promised that Zimbabwe Rhodesia would not launch attacks into Zambia while the Queen was there. The Bishop emphasised that security force incursions into Zambia are both defensive and preemptive.

Reddy supports caretaker rule in India

By K. K. Sharma in New Delhi

THE INDIAN PRESIDENT, Mr. N. Sanjiva Reddy, who is playing a key role in the current political crisis, has let it be known that he favours the formation of a caretaker "national government" until fresh elections can be held.

The composition of such a government is not known, but Mr. Reddy apparently has in mind a coalition of non-controversial but nationally respected figures. The need for this may arise if attempts to form an alternative, viable government in place of the Morarji Desai Government fail.

Mr. Reddy has been told by the chief election commissioner that, because of logistics problems, it will not be possible to hold a general election before November.

The President has discussed the concept of a national government with many chief ministers of states and politicians who have met him during consultations on formation of an alternative government.

For the present, however, the President is acting in a strictly constitutional manner. He has asked Mr. Y. B. Chavan, leader of the opposition Congress Party, to explore the possibility of forming a government.

U.S. nuclear safety cost up

BY DAVID LASCELLES IN NEW YORK

THE AFTERMATH of the Three Mile Island nuclear accident has taken a further toll on the prospects for nuclear power in the U.S. A task force set up by the Nuclear Regulatory Commission to examine the accident has come up with a string of proposals to improve safety at nuclear power plants.

If adopted, they would cost \$2m to \$5m to implement at the country's 68 operating plants, depending on their age, and at a further 92 under construction.

Proposals include control room procedures, and extra instrumentation to check such things as faulty valves. (Valve malfunction played a critical role in the Three Mile Island accident.) If the proposals are

Oil tax rise

The tax on light crude oil exported by Canada to the U.S. will be increased by 25¢ a barrel, raising the price to almost \$29 (25¢) a barrel, Victor Mackie reports from Ottawa. The tax on heavier oils will rise by 25¢ to 50¢ a barrel to \$12.75 a barrel.

adopted, changes in procedure would have to be introduced by next January 1. Changes involving installation of new hardware would have to be introduced by January 1, 1981.

On hearings on the Three Mile Island accident, engineers at Babcock and Wilcox, who built the reactor, admitted on Thurs-

day that questions had been raised about the quality of operating procedures for their equipment, but that memo on the subject had lain around unheeded for six months.

The questions referred specifically to the dangers of premature cut-offs of emergency cooling supplies, exactly what happened at Three Mile Island.

Partly as a result of design modifications now required at nuclear plants, and the resulting cost increases, New York State officials have advised rejection of plans to build two nuclear power stations on Long Island. However, their action could precipitate a debate, given the stress laid on nuclear power and oil-savings by President Jimmy Carter in his recent energy speeches.

Car union victory in the Sun Belt

BY JOHN WYLES IN NEW YORK

THE United Auto Workers Union has scored a victory on behalf of the American labour movement by winning the right to represent workers at a new General Motors plant in the Sun Belt state of Oklahoma.

Nearly 2,500 workers at the Oklahoma City plant voted more than two to one in favour of representation by the UAW, despite a vigorous campaign against the union by local business and the Daily Oklahoman, the city's influential morning newspaper. For its part, the UAW is believed to have spent a very large amount of money on rallies, leaflets, T-shirts and announcements on local radio stations.

The union movement generally is having an uphill struggle to secure representa-

tion rights at hundreds of companies which have invested in the Sun Belt in recent years, many to escape the more established trade union culture of the north.

The UAW's victory should put fresh heart into these efforts, although few unions have financial and manpower resources to match the UAW.

The UAW believed it had removed one potential obstacle a few months ago when it won a pledge from GM that it would not actively oppose the organising effort. But Mr. Douglas Fraser, the UAW president, has complained of breaches in this agreement. Monday's opening negotiations with the company on a new three-year contract were adjourned until today because of the union's anger.

GM has about eight plants operating or under construction in the south, at which the UAW does not have representation rights, and the Oklahoma City breakthrough should help any further efforts it cares to mount.

GM plans to close a total of six assembly plants for longer than the normal summer shut-down and to delay production of 1980 models. This will allow dealers more time to move 1979 model cars, many of which are now in oversupply because of falling new car sales.

Dealers for all major makes were holding a record 2.15m vehicles at the start of this month, a large enough stockpile to last 80 days at current selling rates. The largest proportion of unsold cars are the larger, gas-guzzling variety.

Israeli ban on meetings defied

BY DAVID LENNON IN TEL AVIV

PALESTINIAN LEADERS from the occupied West Bank and Gaza Strip defied an Israeli ban on political meetings yesterday when they attended a conference on "social problems."

The three-day conference in East Jerusalem was organised by Jordanian sponsored charity organisations and was labelled as a meeting on the social problems of the occupied territories.

In reality the opening session turned out to be a political event, with speakers calling for the creation of an independent Palestinian State.

Israel banned political meetings in the occupied territories after capturing them in 1967. After the Camp David Middle East summit last year, the ban was lifted, but was quickly re-imposed when the West Bank leaders used the meetings as a platform to urge a Palestinian State.

More recently the Israeli military government threatened to prosecute a number of pro-

minent Arabs from the West Bank town of Nablus for taking part in a protest march against the expropriation of Arab land for a Jewish settlement.

But hundreds of municipal and communal leaders from the West Bank and Gaza Strip yesterday openly defied the occupation authorities by attending the Jerusalem meeting.

The meeting took on the tone of an open challenge to Israel when speakers called on the Palestinians to resist the Israeli proposed autonomy plan for the occupied territories, while others spoke openly about the need to create an independent Palestinian state.

Meanwhile, doctors reported that Mr. Menahem Begin, the Prime Minister, who went into hospital on Thursday, had a minor obstruction of a small artery. They said he would have to rest for about two weeks.

Isnan Hijazi reports from Beirut: An attempt by Israeli commandos to land on the

southern Lebanese coast was foiled at dawn yesterday after an exchange of fire in which artillery and rockets were used, according to the state-controlled Radio Lebanon and Palestinian guerrillas.

The Israelis using rubber dummies tried to establish a beachhead between Sarafad and Khaziran about 12 miles north of the Israeli border but ran into strong resistance from the Palestinians and their Lebanese Moslem and leftist allies, the reports said. Three people were wounded on the Lebanese side. Israeli casualties were not known.

Soon after, Israeli gunboats bombarded the coastal plain. AP adds from Tel Aviv: The Israeli army command said "four terrorists were wounded and their vehicles destroyed when Israeli forces entered southern Lebanon and clashed with a Palestinian force between Tyre and Sidon. It said all the Israelis returned safely."

Craxi presses on, despite setback

BY RUPERT CORNWELL IN ROME

SIG. BETTINO CRAXI, the Socialist leader, has chosen to press on with his uphill struggle to form a new Government, despite a virtual veto from the Christian Democrats, the country's largest single party, with 38 per cent of the vote.

Early yesterday the Christian Democrat leadership made it clear that it has seen nothing so far to persuade the party to give up its hold on the Prime

Minister's office for the first time in 34 years—especially with an extremely delicate party congress due this autumn.

But Sig. Craxi, after informal talks with President Sandro Pertini, outwardly shrugged off the setback, and is set might be about to embark on yet another round of consultations with potential partners, starting with the Christian Democrats.

His decision was being seen as a calculated step to try to

force the Christian Democrats openly to break off dealings with him, and thus pin the blame on them for the collapse of this latest bid, to settle the Government crisis.

An acrimonious rupture between Socialists and Christian Democrats could make any subsequent attempt to put together a majority in Parliament impossible, however. At this prospect, even Italy's politicians profess a certain alarm.

German employers meet unions

BY ROGER BOYES

IN THE FIRST official top-level meeting for three-and-a-half years, the West German Employers' Association and the National Trade Union Federation discussed yesterday the effects of new technology on employment and the delicate issue of workers' participation.

The meeting represents a thaw in the formal relations between the two sides of industry and was made possible by a recent federal constitutional court decision which rejected a challenge by employers to the 1976 "Co-determination" Act. This legislation provides for parity of workers and share-

holders representatives in the Board rooms of Germany's larger corporations.

The employers' appeal led to the breakdown of the regular talks between Government, the unions and industry. In the past three years many companies have adopted the Act's provisions and the eventual resumption of formal "summit" talks thus seemed inevitable.

But talks between Herr Heinz Oskar Vetter, the trade union leader, and Herr Otto Esser, the Employers Association President, came at a time when there is a new "Grassroots" challenge to the other-

wise fairly quiescent climate of German labour relations.

In the State of Baden-Wuerttemberg, the metal-working trade union has called for a supplementary wage increase to offset the effect of recent price rises—an apparent challenge to the union's central leadership which has ruled out such extra deals.

The metal industry in the State is willing to negotiate, it was badly hit by union action last year and wants to avoid any repetition—but is calling for nationwide agreements. This will be difficult to achieve and the local unionists believe the employers are trying to stall.

Ayatollah appointees in Cabinet

BY OUR TEHRAN CORRESPONDENT

DR. MEHDI BAZARGAN, Iran's Prime Minister, has announced a limited merger of the Government and the Revolutionary Council in a move aimed at increasing co-ordination between the Cabinet and the revolutionary authorities.

In a speech broadcast on television, Dr. Bazargan gave the names of five newcomers to the Government from the Revolutionary Council—the secretive, clergy-dominated body of advisers to Ayatollah Khomeini which has been responsible for many key policy decisions.

Members of the Government are also to become members of the Revolutionary Council, but so far no names have been given.

Among those coming into the Government are Mr. Abol Hassan Bani-Sadr, an economic adviser to Ayatollah Khomeini, who becomes Under-Secretary of State for Banking at the Ministry of Economy and Finance; Mr. Bani-Sadr is believed to have been one of the architects of the bank nationalisation programme and the move to bring large areas of industry into Government ownership.

Two members of the clergy also join the Government as Ministers of Interior and Education. They are Ayatollah Mahdavi-Kani, head of Tehran's Central Revolutionary Committee, and Hojatolislam Hashem Rafsanjani, a hardline supporter of strong Islamic government.

The limited restructuring of the Government comes after weeks of agitation from Prime Minister Bazargan over what he described as "numerous and disorganised centres of decision-making" which had undermined the authority of the Cabinet.

The Revolutionary Council will now play a greater role in supervising the other revolutionary organisations—the courts, committees and guards. The new development is not seen as greatly strengthening the position of Dr. Bazargan, who wanted to wrest greater authority for his Ministers from the Revolutionary Council.

Andrew Clark reports from Sydney on the far-from-easy life of Australia's Prime Minister

Mr. Fraser's favourite maxim comes too true



Prime Minister Fraser... actions belie his tough image

SOON AFTER Mrs. Thatcher replaced Mr. Heath as Conservative Party leader, Mr. Malcolm Fraser was dining with an Australian Liberal Party colleague who was arguing that the pressures to water down tough policies in office were irresistible, citing the history of the Heath Government as an example.

"That won't happen under Margaret Thatcher," Mr. Fraser said firmly, and took a confident tug on his long cheroot. But after nearly four years in office, many of the Australian Prime Minister's supporters are wondering aloud whether it has happened to him.

Mr. Fraser, who has a dour Scottish ancestry, and whose family became wealthy as farmers in the exclusive western district of Victoria, entered office as the strong man pledged to live out his favourite maxim: "Life wasn't meant to be easy."

less inflation, less unemployment, strong growth and political stability.

The policy mix was similar to, if not the same as, that offered by Mrs. Thatcher earlier this year. There is an even closer parallel in the two leaders' emphasis on the need for self-discipline. Mr. Fraser is sometimes referred to as "the head prefect." However, the mid-term report card is very mixed.

The failure of the Government to live up to its rash of promises made in the 1975 campaign—and again at another poll two years later—coupled with a series of dismissals and resignations of ministers have contributed to a credibility problem for Mr. Fraser.

The rest distributed among minor parties.

For the Government the most politically damaging decisions have been in the sensitive tax area. A series of embarrassing reversals followed promises to cut taxes, and introduce full tax indexation. Mr. Fraser pitched his 1977 campaign on an undertaking to cut the average wage-earner's tax by about £3 a week. The cuts were introduced, but withdrawn six months later when the Government increased income tax by 1.5 per cent.

Soon after entering office, Mr. Fraser promised full tax indexation, by automatically adjusting tax scales to compensate for the inflationary increases of tax as salaries move into higher brackets in the progressive tax scale. Later the Government chopped this back to half tax indexation.

argues that the Government needs to maintain a "responsible" economic policy, the same reversals have characterised his handling of health, education, defence, industrial relations, and the Cabinet.

Six Ministers have either been forced to resign, been dismissed, suspended, or left the Cabinet of their own volition. These have included Mr. Philip Lynch, the deputy Liberal Party leader, who has since returned to the Cabinet, and Senator Reg Withers, the former leader of the Government in the upper house, who, while still in the political wilderness, wields considerable power in the Liberal Party.

Much of the strain has stemmed from Mr. Fraser's one-man band style as leader. Privately, his supporters contend that this attitude is justified because of the mediocre quality, and lack of experience, of some members of the Cabinet. They may have a point, but the Fraser style has not produced a smooth or coherent flow of decisions.

Mr. Fraser's reputation as a hard-liner on industrial matters was belied for some months by conciliatory statements, but appears to have re-emerged recently. Australia has been plunged into near-chaos by a series of crippling strikes, covering almost every vital industry and service in the country. The Government has raised stakes in this risky game by proclaiming legislation passed two years ago which provides for the suspension and dismissal of public servants involved in or affected by an industrial dispute.

The Australian Council of Trade Unions and public service unions have responded with a call for rolling strikes in the public service until the legislation is repealed. Although Government-union confrontations have a habit of flizzling out in Australia, the current climate is very bitter, with both sides showing little readiness for compromise.

Reasons for the recent strikes have varied, but all point to the collapse of the limited wage

indexation system in Australia administered for the last four years by the Arbitration Commission, an independent quasi-judicial body. The Government has not produced an alternative wages policy.

However, amid all these gloomy portents, there are tentative signs of economic recovery. Spurred on by a dramatic boom in the agricultural sector—Government officials estimate that rural incomes doubled during the last year—and a recovery in key commodity prices, Australia may register economic growth of about 5 per cent for the 1978-79 financial year.

The Government also enjoys a bare majority of 48 seats in the 126-member House of Representatives, and with 18 months before the next election is due, it is obviously too early to predict the result.

مكتبة الأهرام

UK NEWS

Insurers face large bill for tankers crash

BY JOHN MOORE

THE LONDON insurance market faces one of the largest series of marine insurance claims following the collision of two tankers near the West Indies coast.

The two oil-carrying super-tankers collided in the Atlantic off the island of Tobago on Thursday night. Both ships caught fire and the crew were forced to abandon ship.

Thirty-four men were reported missing as the blazing ships drifted towards Tobago. Later, aircraft reported a 12 square mile patch of oil around the wrecked vessels.

One of the tankers, Atlantic Empress, built in 1974 and 282,000 deadweight tons, has an insured hull value of \$45m (£18.5m), of which \$27m is insured in the London market.

The other, the Aegean Captain, built in 1968 and 210,000 deadweight tons, has an insured hull value of \$7.5m, of which \$1.9m is insured in the London market.

London's total insurance bill on the hull insurances could come to £12.7m.

This is before any claims for cargo insurances or claims on damages caused by pollution. Underwriters were attempting to calculate their total liability but final estimates might take some weeks because these claims could come through to the London market on reinsurances.

Lloyd's of London's share of the bill on the hull insurance could be between \$6.4m and \$7.6m with the rest of the hull claims in London being met by the insurance companies.

The tankers, both more than 1,000 feet (300 metres) long, collided about 20 miles east of the island of Tobago. They later drifted a mile apart.

All 35 members of the crew of the Aegean Captain and seven men from the Atlantic Empress were picked up. Rescue ships in the vicinity included two Trinidad and Tobago coast guard patrol boats and two commercial tugs.

Aircraft of the Royal Dutch Air Force, based in Curacao, were also taking part in the search for more survivors.

Chrysler man will head BL venture

FINANCIAL TIMES REPORTER

MR. HARRY SHERON, Chrysler Europe's director of engineering, is to become managing director of a new BL subsidiary, BL Technology.

Mr. Sheron, 52, will join the company in September. He is one of Europe's leading automotive engineers and between 1968-70 he was engineering director of Chrysler UK's cars and trucks division.

The new company has been formed to upgrade the status of BL's advanced technology and engineering work. The move is part of plans by Sir Michael Edwards, BL's chairman, to separate the units of the company and give them new terms of reference.

BL's present activity in the advanced engineering field, carried out at each of its 34 plants, comes within BL Cars' staffs and services division. The new company will have direct access to BL's main Board, instead of BL Cars Board.

BL said the move indicated the company's increasing emphasis on advanced technology and engineering. The new Board will pinpoint areas of research and development such as new materials, fuel-saving vehicles and the conservation of energy in the manufacturing process.

While BL would not say whether more money would be spent in this area, the composition of the new Board reflects the importance of the company.

The chairman, Mr. J. David Andrews, is vice-chairman of BL. Non-executive directors include Dr. A. J. Kennedy, director of research, Delta Metal.

BL said additional activities might be integrated into BL Technology.

Rank man takes title



BY MICHAEL DIXON

THE £2,000 NATIONAL management championship was won single-handedly in London yesterday by Mr. Neil Tennant, of Rank Xerox. Pictured above, he received his prize from Sir Kenneth Cook, the Lord Mayor, finished the computer-based contest with a profit of nearly £15m—£2.2m ahead of a four-man team from Chase Manhattan Bank who took the £750 second prize.

Rank Xerox also won the third and fourth places in the tenth National Management Game to be organised by the

Chemical output 5% down

By Sue Cameron, Chemicals Correspondent

THE CHEMICAL industry's output was "severely disrupted" by the road haulage dispute during the first three months of this year, down 5 per cent on the previous quarter, according to the official publication Trade and Industry.

Britain's overseas trade was "also seriously affected" during the first quarter of 1979, with both exports and imports at a "generally depressed level."

The volume of chemical exports was 13 per cent down on the first quarter of 1978 and imports also fell—but only by 3 per cent compared with the "exceptionally high fourth quarter level."

The latest figures suggest that the rapid growth of imports seen last year "seems to be continuing."

On the other hand, provisional statistics also show that the shortfall in the volume of chemical exports has been made up during the second quarter of this year.

Final export volumes for the first half of this year are "likely to be around the same level" as in the first six months of 1978.

Figures for the second quarter of this year are expected to show a general improvement on the first three months.

Recovered

All sectors of the industry were affected by the lorry drivers' strike at the start of the year, but most "recovered strongly in February and March and some further catching up" is thought likely to have taken place during the second quarter of 1979.

Although chemicals output was 5 per cent down on the first quarter of 1978, it was only 1 per cent lower than in the first quarter of 1978.

Sales of principal products in the first three months of this year were £2,008bn, compared with £2,022bn in the fourth quarter of 1978 and £2,008bn in the first quarter of last year.

Trade and Industry says UK chemical companies' problems "continue to be exacerbated by uncertainties over the price and availability of feedstocks, while the continuing strength of sterling is making exports less competitive in international markets and imports more competitive in the home market."

It adds that the cost of materials and fuel bought by the industry rose by 4 per cent during the first three months of this year. By the end of the quarter these costs were about 8 per cent higher than in the comparable period for 1978.

Call to fight European Communism

By Reginald Dale, European Editor

RIGHT-WING parties from 14 European countries are being urged to take a more militant line against Communism at a two-day congress being staged in London by the British Conservative Party.

A report to the conference, which ends today, says it is time to "go from the defensive to the offensive," particularly against Euro-Communism.

Conference participants, all members of the Right-of-Centre European Democratic Union (EDU) grouping of political parties, include Herr Franz Josef Strauss, the controversial Christian Democratic candidate for the Chancellorship of West Germany, and M. Maurice Couve de Murville, the former French Gaullist Prime Minister. Last night they dined with Mrs. Thatcher at Number 10 Downing Street.

The sub-committee report, due to be discussed today, maintains that if a Eurocommunist party gained power in a democratic country "no aspect of the democracy in which EDU members believed would long survive."

Jenkin told health squeeze may bring hospital closures

BY PAUL TAYLOR

THE £90m to £100m health service spending "squeeze" announced by Mr. Patrick Jenkin, Social Services Secretary, earlier this week will lead to cuts in hospital services, falling standards and could even mean ward or hospital closures, warned a regional health authority chairman yesterday.

Baroness Robson, chairman of the South West Thames Regional Health Authority, which covers 3m people and has 200 hospitals and health centres under its control, said it is "now inevitable" that services will be reduced and standards will fall.

Lady Robson said she was "most concerned" that the public should be made fully aware of the effects of "these enforced cuts" since it is the public which will have to suffer.

Alternatives

She urged Mr. Jenkin to deflect the spending squeeze which she claimed would "lengthen waiting lists, cut the services to emergency only, seriously hinder nursing and medical training and impose inevitable risks to jobs."

Lady Robson added that to balance the health authority's books, the only alternatives were to close more wards or even hospitals.

Her warning, contained in a letter to Mr. Jenkin, follows similar statements from other health authorities, particularly those in the South East.

Health authority members and administrators believe the Government's decision not to increase cash limits on health expenditure to cover price inflation and the effects of the increase in VAT amounts to "cuts by the back door."

Mr. Jenkin said in the

Commons on Tuesday that the decision not to increase cash limits on the £4.3bn allocated to the 14 regional health authorities in England, except to cover agreed pay awards, would result in a shortfall of between £90m and £100m. Of this he suggested £35m to £40m was due to the increase in VAT and the remainder was attributable to other inflation.

Mr. Jenkin urged health authorities to concentrate their efforts on making savings on headquarters staff and administrative services, although he accepted that there might have to be some temporary ward closures.

Health authority treasurers throughout the country are now engaged in the task of trying to make savings without harming patient care but the problem is particularly difficult in the four Thames regions.

This is because although 1979-80 spending allocations were increased in real terms throughout the country, the increase in the four Thames regions was significantly smaller than elsewhere. As part of the programme of distributing resources more fairly throughout the 14 regions, real spending in the four South-East regions was increased by an average of 1.13 per cent compared with an average of almost 2.4 per cent in other regions.

Although Mr. Jenkin recognises the difficulty some of the regions will have in staying within the spending limits, he considers some of the problems are being overstated.

He has also hinted that small hospitals threatened with closure might be leashed to voluntary groups at peppercorn rents so they could run them themselves.

Stock Exchange still against sanctions

BY ANDREW FISHER

THE STOCK Exchange still opposes automatic sanctions for companies that fail to adhere to accounting standards, Mr. George Nissen, deputy chairman, said yesterday.

"We regard it as totally inappropriate to impose some automatic penalty upon a company for non-adherence to a standard," he said on the second day of the Accounting Standards Committee's public hearings in London.

However, he added, the Stock Exchange became concerned when non-adherence appeared to cause material uncertainty about a company's financial position "and as to whether such uncertainty may affect the suitability of the company for continued listing."

Written evidence from Mr. Nissen and Mr. Jeffrey Knight, deputy chief executive, argued against the suspension of a company's Stock Exchange listing if it failed to meet standards.

Suspension, a severe penalty that bore heavily on shareholders, was inappropriate.

"We cannot accept the use of this ultimate sanction simply as a disciplinary measure; it must continue to be reserved for those situations where the ability to assess a company's value or make a price in the security is impaired."

On Thursday, Mr. Dennis Tripp, of Pannell Fitzpatrick and Co., the accounting firm, had argued at the hearings that enforcement of standards for listed companies should lie with the Stock Exchange.

Support for the Stock Exchange's view of suspension came from Mr. Michael Renshall, of the Peat, Marwick, Mitchell accounting firm.

However, in his evidence, he proposed an independent forum or tribunal if the Stock Exchange was unwilling to extend its role through public administration to directors and if public concern with the present system became apparent.

Brewers agree to pub swaps

BY OUR CONSUMER AFFAIRS CORRESPONDENT

AN EXCHANGE of 11 public houses has been agreed between two southern-based brewery companies.

Charlington, the south-east trading company of the nationwide Bass brewery group, is to transfer seven pubs to Fuller, Smith and Turner. In return, Charlington will receive four Fuller houses. The first pub to change hands will be the Adam and Eve at Hayes, from Fuller to Charlington.

The exchange is in line with major pub swaps being arranged between the big brewers involving some 1,000 public houses over the next five years.

These exchanges were initiated after pressure from the Labour Government for increased competition between brewers in certain areas.

British Airways DC-10 has 15-in. crack

BY LYNTON McLAIN

A DC-10 AIRLINER leased by British Airways has been grounded at Heathrow Airport for at least a week after a 15-inch crack was found in an engine pylon.

But Air New Zealand, which owns the aircraft, denied last night that the crack was connected with the pylon failure that led to the grounding of the world DC-10 fleet last month.

Nevertheless, Air New Zealand said the latest crack is similar to cracks found in other wide-body aircraft, including Boeing 747s.

The crack was discovered on Tuesday in one of the new series of maintenance checks carried out every 100 hours in accordance with instructions from the U.S. Federal Aviation Administration.

A British Airways engineer, working under contract to Air

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New Zealand, found the crack, which was invisible to the naked eye, with testing equipment.

Air New Zealand said that the cracked part separated the metal skin of the engine pylon from the pylon's structure. The part itself was not part of the structure and was not critical to the safety of the pylon or the aircraft.

British Airways is waiting for a replacement part to be flown in from the U.S. Meanwhile, Air New Zealand's seven other DC-10s have been checked and no similar cracks found.

The grounding of the aircraft chartered to British Airways is not expected to affect DC-10 services in Los Angeles, Miami and Toronto. They will be operated with other aircraft.

New public spending cuts sought

By Richard Evans, Lobby Editor

MR. JOHN BIFFEN, Chief Secretary to the Treasury, confirmed last night that Ministers faced further substantial cuts in their departmental budgets during the next financial year.

A special Cabinet meeting has been called for Monday to seek major pruning of spending estimates for 1980-81, of between £500m and £1bn. These will be in addition to the cuts of £3bn announced for this year in the Budget.

Mr. Biffen, the Minister chiefly responsible for public expenditure policy, said in a speech to South-East Derbyshire Conservatives that public spending cuts were bound to be painful and unpopular.

"But within the strategy of a five per cent reduction in the 1980-81 spending estimates is not only logical, it is desirable," he said.

Mr. Biffen was deeply pessimistic about prospects for the next financial year. He said 1980-81 was unlikely to show much economic growth and "one can only view the economy through a glass darkly."

There was formidable circumstantial evidence to suggest that the Western world was set on a lower growth path and this had important implications for next year's Budget.

The Chancellor needed the certainty of tight control over public spending. "He simply cannot cross his fingers and hope that economic growth or oil revenues will, like Blucher at Waterloo, turn up just in time."

Bank creditors face deficiency of £300,000

CREDITORS OWED more than £7m by Kendal and Dent, merchant bankers and silver dealers, now face a deficiency, estimated at £300,000.

Mr. John Clementson, the senior official, told a London meeting yesterday that a surplus of assets over debts, shown earlier, was unlikely to be achieved.

The company, said to owe money to thousands of investors in Britain and Portugal, was wound up on June 15, on a petition presented by the Trade Secretary.

The company had offices in London, Wolverhampton, Southampton, Bristol and Westgate-on-Sea.

Mr. Jose F. Perestrelo, company chairman, said that he acquired the company in 1975. At first it traded modestly under his control, providing a limited banking service to Portuguese immigrants.

LABOUR

Corby steel men in call for national strike

BY NICK GARNETT, LABOUR STAFF

A MASS meeting of 5,000 workers at British Steel Corporation's Corby works yesterday overwhelmingly supported a call to all steel unions to instigate a national strike if the corporation issues firm proposals for the shutdown of manufacturing at the Northants plant.

Mr. Mick Skelton, secretary of the joint union committee at Corby said the workforce had realised that "in order to bring some sense into the corporation we need a national strike."

British Steel is intending to run down and finally end iron and steel making at Corby because it says manufacturing there causes an unacceptable financial drain.

National and local union officials and management are to meet at Corby on September 20 to discuss figures both sides wish to produce to support their opposing positions on the plant.

Mr. Bill Sims, general secretary of the Iron and Steel Trades Confederation, the biggest steel union, said last night that in the meantime "there would be no question of us agreeing to any precipitate action."

Courts may be hit by staff strikes

BY GARETH GRIFFITHS, LABOUR STAFF

SELECTED STRIKE action by the staff of magistrates' courts could start at the beginning of next month following the collapse of pay talks between the Association of Magisterial Officers and local authorities yesterday.

The association, which represents 6,000 staff outside London, wants rises of between 20 per cent and 25 per cent and staff restructuring. Three-quarters of the staff are clerical and administrative workers and the remainder sit as justices clerks assistants.

The local authorities sitting with a committee of magistrates, have offered 12 per cent and a comparability study by the Clegg Commission. They have guaranteed that Clegg's findings would be implemented in full by January, 1980. The offer is made up of 9.4 per cent new money and the rest from staff restructuring. It would be backdated to July 1.

The association has said it would take industrial action if its claim was not met. It rejected yesterday's offer and no plans have been made for fresh talks.

Both sides met Mr. William Whitelaw, the Home Secretary, yesterday morning. The Home Office supports the employers' offer.

Talks aimed at ending a series of strikes throughout the country by technologists in the Institution of Professional Civil Servants were adjourned until Monday.

The strikes have hit mainly Ministry of Defence installations

Unions to resist sale of State shipbuilding yards

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHIPBUILDING shop stewards on the Clyde yesterday threatened "massive resistance" to any Government move to sell parts of the nationalised shipbuilding corporation—particularly the profitable naval building yards—to private enterprise.

The workers were reacting to reports that Yarrow and Company was interested in buying back Yarrow Shipbuilders, the Glasgow warship yard.

Yarrow and other warship builders, including Vosper Thornycroft, have already had informal talks with the Government about the possibility of repurchase, perhaps as a consortium buying all British Shipbuilders' naval yards.

Private sector interest has also been expressed in the Falkirk Shipyard, Aberdeen, and Falmouth Shipyard.

But the Government, which will make a policy statement on the shipbuilding industry on Monday, is anxious to resolve some of the difficult questions over the merchant building yards before thinking of returning the naval yards to private ownership.

Cargo ship back-pay dispute is settled

A FLAG-of-convenience shipowner whose 500-ton cargo vessel was stopped in Aberdeen harbour by union action over a back-pay dispute has agreed that his vessels will register under the UK flag.

The settlement also included an investigation into the back-pay claim by the seamen, which Mr. Bygate had said it might involve a few thousand pounds.

A week-long unofficial strike of 350 dockers on the Mersey which has halted the coastal section at Liverpool is to go on. The men, who are employed by the Mersey Docks and Harbour Company, will not meet again until next Wednesday.

They are seeking specialist payments under the negotiated annual wage award already accepted by the 6,000 dockers in the port. They ignored advice that no more money is available.

The stoppage has halted the movement of freight between Liverpool and the Irish ports of Dublin and Belfast, but the car ferry services are operating normally.

NEWS ANALYSIS—LIQUIDATION OF BRITISH TANNERS

End that could no longer be staved off

THE COLLAPSE of British Tanners' Products (BTP) has been predicted since its formation in March, 1977. Barrow Hephurn, which previously owned the whole of the company, admitted that it "was not in the group's interests to meet the growing capital needs" of BTP. It looked for help to the National Enterprise Board.

The board took a half-stake in the company by way of injecting into it £2.5m of loan stock and £2m of equity. It thus obtained a 50 per cent interest in a company that was making a loss after interest charges.

Almost immediately, the rest of the industry raised a hue and cry. The industry was in recession and the presence of a state-backed competitor would not make matters easier. In any case, they believed,

BTP was not a going concern because of the loans it had to repay to Barrow Hephurn: £10.4m in total gross.

Within months, the subject was raised in Parliament after an exchange of letters between Mr. Michael Grylls, Conservative MP for Surrey, North-West, and the board, in which Mr. Grylls expressed fears that taxpayers' money was being wasted.

By the end of 1977, pre-tax losses at BTP had grown to £2.4m and the board and its partner were embarked on a big rationalisation programme that involved closing the biggest tannery in Beverley, reducing production at Bolton and retrenching at Hull.

That was insufficient to prevent the company from heading to death. The following February, the board injected a further £1m of equity into the group.

Still losses continued. At the end of last year they were £460,000 before tax, and Barrow Hephurn saw fit to write off its investment. Sharp rises in tide prices were given as the main reason, although hopeful noises were made about the future.

Unfortunately, the first quarter of this year saw hide prices rise again. That with the effect of the lorry drivers' dispute, made recovery almost impossible.

Now, although BTP is said to be trading successfully again, it is unable to service its interest charges and a receiver has been called in.

As predicted by Barrow Hephurn and the tanning industry from the start, BTP was a capital-hungry enterprise that could not be satisfied because of its fundamental weakness.

It had never proved profitable since its former ownership and even two years of hard work have not produced a return on capital that would have encouraged any commercial bank to provide it with finance.

It could have kept going, no doubt, if the board had been prepared to put yet more capital into the business, but even it could see that it would have been good money after bad. The £4.5m it has invested has simply evaporated.

What seems to have happened last week is that attempts failed to get someone else to take over the company by way of a bid. At that stage it meant either more capital from the board, or receivership.

The receivers intend to keep the business ticking over while they carry out a thorough review. That announcement will lift no hopes, however.

The group has been under review constantly since 1976: first by Barrow Hephurn, then by the board.

It seems that it will not be long before the stocks and plant are divided among its competitors who need no longer fear unfair competition.

All that will then be left is the political squabble as politicians call for an inquiry into how and why the Government poured £4.5m into a company which, it was warned, had no future.

Taxpayers will also note, as a wry footnote, that one of the largest of the largest secured creditor standing in line with the Department of Industry. In 1976 it lent Barrow Hephurn £1.9m, which was later transferred to BTP. Of that, £1.5m is still outstanding, with £340,000 of accrued interest.

THE WEEK IN THE MARKETS

A chorus of export complaints

Once again, the foreign exchange markets grabbed all the attention this week as sterling continued to roar ahead in comparison with every other major international currency. By Thursday night, the pound was showing an appreciation of 5 per cent against the Deutsche mark since the beginning of June; over the same period, the rise was 6 per cent against the franc, nearly 9 per cent against the yen, and 11 per cent against the U.S. dollar.

Yesterday, the sterling rate wobbled a shade. Yet, despite the announcement on Wednesday of further relaxations in exchange controls—a degree that would have seemed unthinkable only a few months ago—it looks as though the pound is going to continue strong in the immediate future.

One result is a growing chorus of complaints from those British manufacturers who are now really beginning to suffer from the deterioration in their terms of trade. An analysis by Datastream shows that shares in Wedgwood have been weaker than those of any other big company this week, following its warning that currency movements are going to make its first quarter figures look disappointing. Cestner shares have done only a little better, and it too has been telling a sad tale about the effect of currency changes on its future earnings. Hanson Trust and Rothmans are

Steaming ahead

Having been the most unloved sector of the stock market for months and months, shipping shares have recently taken off. The share price of P and O has risen by 44 per cent from its

LONDON ONLOOKER

1979 low point and among the smaller shipping companies there have been some spectacular gains. The shares of Hunting Gibson and Reardon Smith have roughly tripled from their year's low. Both companies were under pressure during the depths of the shipping recession last winter but the upturn in

freight rates has led to a fundamental change in their fortunes.

Given that the world economy is not looking particularly buoyant, the strength of shipping freight rates recently is slightly surprising. In the oil tanker market the situation seems to be a temporary phenomenon. The increase in Saudi Arabian oil output caught a number of tanker owners off-guard and there has been a mad scramble for all tonnage available. Rates for the biggest oil tankers known as VLCCs (very large crude carriers), which had been languishing at under Worldwide 40 for most of the year, have doubled in the last fortnight. Although the number of laid-up tankers has fallen steadily there is still excess capacity and once the current temporary shortage has disappeared, owners expect rates to fall away. Nevertheless, companies such as London and Overseas Freighters should be able to make handsome profits in the short term.

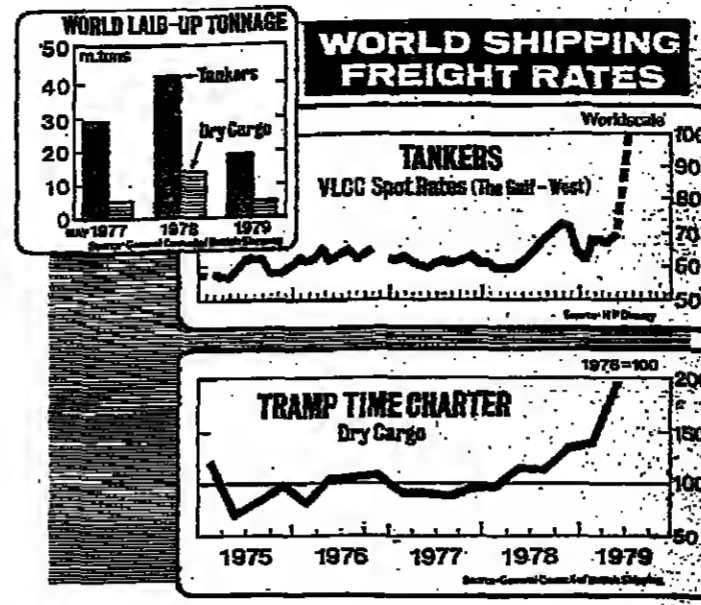
In the dry cargo market, where rates for a 60,000 dwt bulk carrier have tripled this year, the turnaround looks more lasting. There are very few new ships being delivered and the combination of a bad harvest and the rise in the oil price is leading to a big increase in demand for ships to transport grain and coal. Unfortunately many British companies have been selling off

bulk carriers through the depths of the recession and so cannot take full advantage of the upturn. But big companies like P and O, and smaller companies such as Lyle Shipping and Reardon Smith should benefit.

By contrast with the upturn in bulk shipping, the liner trades, in which companies such as Ocean Transport and P and O are still heavily involved, shows no sign of recovery. They are facing strong competition from the Russians and events in Nigeria and Iran have badly affected Ocean and P and O respectively.

Churning questions

There continue to be a number of puzzling aspects to the deal announced last Tuesday in which Unigate sold off 16 creameries to the Milk Marketing Board, a co-op owned by Britain's 47,000 dairy farmers. Why should Unigate try to pre-empt a disposal worth some £88m as being worth only £43m? Its Press release deducted the value of stocks and a capital gains tax charge in emphasising the lower figure. Secondly, why should the company be so coy about the effect of the sale on the company? The MMB, certainly, is clear that the assets in question have not been earning a good return for Unigate. Thirdly, why was there no agreement that Unigate should contract, at least for a time, to



Political games

NEW YORK JOHN WYLES

UNLIKE SEVERAL members of Mr. Carter's Cabinet, the Stock Market kept its head this week. The market's behaviour during one of the most astonishing weeks ever in Presidential politics underlines yet again the different priorities of the President's political constituency in Washington and his financial constituency in New York. Both the manner in which Mr. Carter is changing personnel and the subjects of those changes have been very strongly criticised by a broad cross-section of Senators and Congressmen who have argued that the focus of the changes ought to have been the White House staff and that sweeping out the heads of three major departments creates uncertainty and lack of direction at the centre.

Naturally, Ladbroke will be appealing the decision but if this falls the loss of its London casino licences will be a heavy blow to the company's history. Ladbroke's accounts for around one quarter of last year's pre-tax profits of £41.5m came from casinos but it is generally reckoned that the bulk of this was earned by the lucrative London casinos. This year the group should make close to £50m but if the casinos are left out the figure drops to £25m of which roughly a third comes from bookmaking. Assuming no casino profits, the group is selling on around nine times earnings and yields 6.5 per cent.

The process began on Monday when the market started digesting the President's energy speech delivered the night before and culminated yesterday in the midst of the somewhat jarring revelation that real Gross National Product had declined 3.3 per cent in the second quarter. But what is more impressive is the light of a more vigorous Mr. Carter pronouncing a new energy policy which in Wall Street's opinion, as it emerged on Monday and Tuesday, contained very little new. The unexpected element, however, which touched an ideological nerve was the apparent extension of Government power and control, both through the creation of a synthetic fuels industry and an energy mobilisation Board designed to rub the sleek out of bureaucratic eyes which

is delaying many new energy projects. As a cautious venture some investors purchased stocks in such enterprises as coal-carrying railroads like Burlington Northern and manufacturers of coal processing equipment such as Joy Manufacturing and Ingersoll Rand.

One of the main concerns about the President's speech was that it did not offer much immediate relief, beyond oil import quotas based on a very generous ceiling from the existing dependency on foreign oil. This shortcoming, of course, was very quickly noticed in the foreign-exchange markets which, during the balance of the week, have played the game to which Wall Street has adapted. Tuesday and Wednesday were bad days for the dollar and only a late rally in the foreign exchange markets saved the Dow Jones Industrial Average from falling around seven points on Wednesday.

The dollar could continue to lead the market for some time and in this context the substitution of Mr. C. William Miller, the Federal Reserve Board Chairman, for Mr. Michael Blumenthal, the Treasury Secretary, could be important. In New York, the effect of the change is thought likely to be neutral for a time. The test is what happens if pressure on the dollar continues or recurs later in the year, and the second is will the Administration appoint someone of the strength and independence necessary to run the Fed when a former Chairman of the Board is running the Treasury. The outlook for the dollar is extremely uncertain and the strongest anxiety in New York is that Mr. Miller's commitment to Mr. Carter's political goals might weaken his resolve to use higher interest rates as a fit of indignation or recession to prop up the dollar.

Monday 834.90 +1.57
Tuesday 828.50 +0.00
Wednesday 828.50 +0.00
Thursday 827.30 -1.20

MARKET HIGHLIGHTS OF THE WEEK

Ind. Ord. Index	Price Today	Change on Week	1979 High	1979 Low	Notes
Govt. Secs. Index	73.37	+1.03	75.91	64.64	Sterling prompts heavy demand
Allied Colloids	105	+12	123	68	Better-than-expected results
Birmingham Mint	175	+19	175	126	Good preliminary figures
Compagnie Bancaire	643	-5	681	643	Relaxation in exchange controls
Distillers	234	+18	259	198	Dividend increase pleases
Dowry	317	+20	357	252	Dividend rise/capital proposals
Ellis and McHardy	180	+112	180	67	Bid from Canadian concern
Gestetner A	103	-12	153	103	Disappointing interim profits
GUS A	384	+24	448	288	Record profits
Jacksons Bourne End	130	-30	175	72	Inland Revenue probe Rossminster
Ladbroke	180	-9	243	167	Casino licences refused
Magnet and Sothems	198	+28	198	130	Excellent annual results
Mincorp	105	+11	105	64	Bid from Burnist and Hallamshire
Negretj and Zambra	49	-10	86	45	Dividend cut and profits slump
Pye Holdings	165	+49	168	76	Agreed bid from Phillips
Reardon Smith A	86	+13	88	32	Increased freight rates
Spillers	43	+5	49	30	Revised speculative demand
Tricoville	84	+12	95	44	Renewed bid rumours
Unigate	94	+13	96	70	Deal with Milk Marketing Board

U.K. INDICES

FINANCIAL TIMES	Average week to	July 20	July 13	July 6
Govt. Secs.	73.18	72.89	73.19	
Fixed Interest	74.46	74.62	74.51	
Indust. Ord.	472.8	469.9	473.4	
Gold Mines	164.9	162.4	162.1	
Do. (Ex 5 pm)	152.8	148.9	152.1	
T'ble. bargains	16,053	16,009	17,542	

FT ACTUARIES	Capital Gains	July 20	July 13	July 6
Consumer (Durable)	227.39	225.58	228.53	
Cons. (Non-Durable)	233.50	232.24	234.36	
Inds. Group	234,052.69	235.52		
500-Share	248.41	249.04	271.30	
Financial Gp.	191.74	190.05	193.33	
All-Share	245.82	246.17	248.67	
Red. Debs.	57.83	57.50	57.58	

Future levels in the value of sterling are the key to the real impact of the Government's latest moves on exchange controls. Richard Lambert assesses the position.

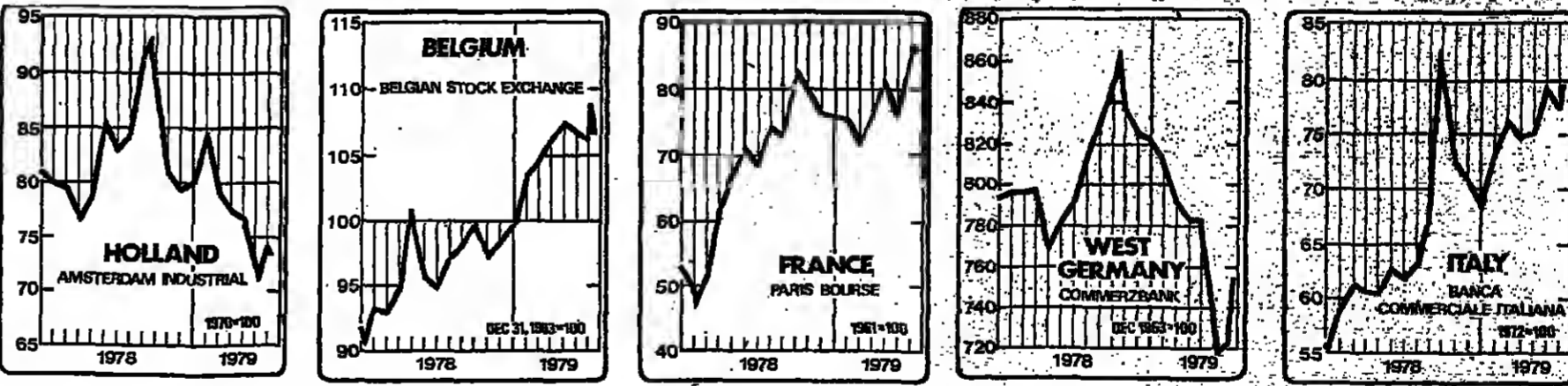
The day they gave the pound a passport

THIS WEEK brought the latest step in a process whereby UK exchange controls are being progressively dismantled. As the authorities were quick to point out, the effect of the changes is unpredictable since everything depends on the level of confidence in sterling. But taken together with the relaxation in the rules announced in last month's Budget, UK residents have been given substantially greater freedom to move their money overseas. Direct investments. Official exchange available without limit for all outward direct investments in factories, company acquisitions and the like, although official approval is still required. Foreign currency borrowing taken at any time to finance such investments can now be repaid at the official exchange rate. Portfolio investments. Investments in most securities denominated and payable solely in the currencies of other EEC countries should now be made at the official exchange rate rather than through the dollar premium. Foreign currency securities issued by international organisations of which the UK is a member—like the European Investment Bank or the World Bank—will now be bought at the official exchange rate rather than through the dollar premium. Foreign currency borrowing taken by UK residents to finance portfolio investment overseas may now be repaid at the official rate provided that such loans have already been outstanding since July 18, 1978. The securities which have been financed by such loans will not be eligible for the premium when they are resold. Instead

they will be classed as "restricted" securities. These can be freely switched into other foreign currency securities (which in turn become "restricted") but are not eligible for the premium when the proceeds are brought back to the UK. On newer loans, the old restrictions still apply, which means that investors may at times be obliged to buy investment currency to comply with their obligations under the Exchange Control Acts. However, as a result of the Budget changes, investors no longer have to maintain cover in the form of foreign currency securities or investment currency equal to 115 per cent of the value of their loans. And interest payments on such loans can be made at the official exchange rate. Personal Allowances. There were no additions this week to the main Budget concessions, as a result of which: Purchases of property abroad no longer have to be made with investment currency, and sales of such properties are no longer eligible for the investment currency premium. Payments to non-residents for the purchase or improvement of such properties can be made at the official rate up to an annual limit of £10,000 per family. Anything in excess of this can be borrowed to be repaid within subsequent annual limits. The limits on foreign exchange facilities for travel expenditure abroad which may be provided to UK residents by banks and other authorised agents without reference to the Bank of England is £1,000 per person (£200 per day, £5,000 per journey for business travel) and the limit on foreign currency

notes which may be exported by travellers has also been increased to £1,000. The limits for cash gifts and payments to dependants abroad are combined into a single new limit of £10,000 per donor a year. The basic framework of the Exchange Control Act has been left largely unaltered. What has happened is that the rules have been changed to make compliance with the Act very much easier. But UK residents who want to buy, sell, borrow or lend foreign currencies still have to secure permission either from their own bank or in some cases from the Bank of England. And all foreign currency securities still have to be deposited with an authorised depository—an authorised bank, stockbroker, solicitor or someone else specified under the rules. On the personal side, everything is still controlled—but the limits on the amount of money which can be sent overseas are well beyond what most people are likely to want. There is still an obligation to cash in foreign currency unless you have an approved reason for holding it—which does not include currency-hedging or investment strategy. So most people will still not be able to run a bank account overseas. For portfolio investment outside the EEC, the rules are largely unchanged. Purchases of shares in the U.S., the Far East and South Africa and Australia—the areas of most interest to UK investors—are still subject to the same restrictions. But of course the level of the investment currency premium has fallen very substantially as a result of the progressive dismantling of exchange controls.

PREMIUM FREE BONDS				
Dollars	Coupon	Date	Yield %	
EIB	9 1/2	86	9.99	
EIB	9 1/2	99	10.15	
EIB	10	99	10.04	
CECA	6	88	7.33	
EIB	6 1/2	91	7.28	
World Bank	6 1/2	88	7.30	
World Bank	4 1/2	89	4.07	
Yen				
Asian Development				
Development Bank	5 1/2	88	7.86	
Guidlers				
EIB	7 1/2	85	9.15	
French Francs				
EIB	9 1/2	88	11.46	
Euroton	9 1/2	87	11.65	



Scars of 1972

REMEMBER 1972. That is the warning for any UK investor who risks becoming over-excited about the possibilities opened up by this week's relaxation in the rules for portfolio investment overseas. That was the year when Britain was full of Common Market enthusiasm, and when it seemed that London was about to become the centre of a great European capital market. Sophisticated UK investors were going to sweep through the primitive European bourses ironing out the anomalies and making themselves a pile in the process. As always, the marketing man was quick to respond, and a string of unit and investment trusts was launched to specialise in the shares of companies quoted in continental Europe. Almost without exception, they have been grisly failures. The fund managers' biggest error stemmed from the way that they financed their overseas portfolios in the first place. Many of the investment trusts hit on the bright idea of borrowing Swiss francs because they were "cheap" and investing the proceeds in countries like France, Holland and Italy. The result was that their asset values were literally smashed by the violent swings in exchange rates which took place in the mid-1970s. The scars have not healed quickly. The Investment Trust

Year Book lists four funds which hold more than 35 per cent of their assets on the continent—F & C Eurotrust, Scottish European Investment Trust, Covent European Trust and Sizewell European Investment Trust. Of the four, Sizewell had the smallest proportion of its assets invested in Europe at the end of last year—and it was the only one which could boast that its net assets per share in 1978 were higher than in 1973. F & C and Scottish European were still well below that level. The unit trusts generally have a pretty miserable record too. There are around half a dozen smallish funds with a bias towards continental Europe, and most of them are clustered together at the bottom of the performance table—whether based on short or longer term price performance. Admittedly unit and investment trusts provide a convenient and relatively cheap route to the

continent for an investor who wants to add to the international flavour of his portfolio. But they have not been made dramatically more attractive to new investors by this week's events, since most of them had already reduced their exposure to the dollar premium to a tiny figure anyway. The only real advantage for these funds from the new rules is that it should become easier for them to finance their assets in an efficient and flexible manner. Moreover the message of the last decade has been that any

one who wants to aim at the continental bourses would do better to use a rise than a blueshift. A number of individual securities may seem to offer particular value at any one time; German bonds could be an example at present. But continental Europe as a whole has not been a good place to invest money during a period when it has usually been far more important to select the right currency than to pick the best shares.

very large real rates of return are still to be seen—at least in terms of the Deutsche Mark. Equities in France have performed very well for over a year, but this is a volatile market and one which it can be difficult to get out of when the heat is on. Share prices have been sustained by the weight of money coming from private investors as a result of tax incentives. France is one of Europe's more vulnerable economies when it comes to higher oil prices, and its trade balance has been coming under pressure. In these circumstances a steady tightening of credit has been necessary to sustain the franc—and the conventional wisdom is that this will continue to be the case for some time to come. It is hard to see how the stock market might be sustained in the long term.

INTERNATIONAL MARKETS COMPARED					
Exchange	Market Value (domestic quitics) £m	Turnover (all securities) £m	Yield %	Share price performance (% change in period to end June)	
				3 months	12 months
Amsterdam	13,012	10,635	6.7	5.3	15.0
Brussels	6,131	1,874	10.9	15.7	18.6
Copenhagen	1,164	1,689	4.3	5.4	-5.2
Germany (Assoc. of Exchanges)	41,026	n.a.	5.8	9.3	-6.7
Milan	4,897	n.a.	2.5	n.a.	-7.3
Paris	22,246	n.a.	5.7	25.2	11.5
UK	63,342	69,384	5.9	7.6	-2.8

Markus value at the end of 1978. Turnover in 1978. Sources: The Stock Exchange; Capital International.

مكاتبنا في لندن

FINANCE AND THE FAMILY

Replacement of lessees

BY OUR LEGAL STAFF

I have a house let on a furnished tenancy which expires September 30, 1979, to five named girls, at the original five, only one remains, the other four having left and found replacements who in turn have signed the lease according to its terms in place of the person leaving. The lease includes a clause which reads, "not to assign, underlet or part with the possession of the said premises at any part thereof." Am I correct in assuming that as each person leaves after June 1, 1979, I can refuse to accept a replacement which in turn would result in the premises eventually being occupied by four girls or less, until such time as those remaining consider their tenancy to be shared by the reduced number? What is the position of friends living in the house? What happens after September 30?

You can refuse to accept replacement lessees if the clause does not have a proviso stipulating for your consent in certain cases. However, it seems that you cannot prevent genuine sharing, i.e. the admission of extra people on their contributing a proportionate share of actual expenses (including rent) but paying no profit rent. The tenants will continue to be entitled to possession after September 30, 1979, by virtue of the Rent Act 1977 if the rateable value is within the statutory limit of £750.

A divorce settlement

1—In a divorce settlement the wife receives a house and a lump sum of money. Does tax have to be paid on the settlement?
2—How soon after an ex-husband is in arrears of maintenance can an order of attachment be applied for?
3—Can a pension be attached?
1—Tax will not be payable if the settlement is made under an order of the court. Otherwise Capital Transfer Tax may be payable if the settlement is made after the divorce.
2—Provided that 15 days have elapsed since the making of the order, any willful delay gives rise to the jurisdiction to make an order for attachment.
3—Pension is included in the definition of earnings under Section 24 of the Attachment of Earnings Act 1971.

An insurance interest

In 1973 we bought the 900 plus year lease on a ground floor flat in a house containing six flats. The insurance of the building is arranged on behalf of the ground landlords, but we believe it to be grossly underinsured. I have tried to obtain some additional cover, but have been unable to do so, surely the loss of one's home must be insurable?
Your interest is undoubtedly important. It may be that you should consult a different insur-

ance broker if your present advisers have not been able to place the insurance for you. There are one or two major insurance companies which specialise in risks which arise out of complex or awkward legal situations.

Collectors items and VAT

A few days ago I received some coins from abroad valued £695 on which I was charged £1.01 VAT. I have not hitherto been charged this tax. Could you tell me whether it is normally levied on collectors' items of this kind?
The £1.01 VAT is levied under note 2 to group 5 of schedule 5 to the Finance Act 1972, as amended (originally from 1975 by the VAT (Finance) Order of 1977, to comply with article 13 (B) (d) (4) of the EEC 6th directive, in respect of coins of numismatic interest. "The supply of a coin (other than a gold coin which is legal tender in its place of issue) or a banknote as a collector's piece or as an investment article."

Insurance and a wall

My bungalow, of which a boundary wall has collapsed which will cost about £500 to rebuild, is comprehensively insured for £26,250. The cover for rebuilding states "excluding the first £250 or if greater an amount equal to 3 per cent of the full rebuilding costs of the buildings at the time of repair or reinstatement. This exclusion applies separately to each and every claim (loss or damage)". This seems to me to be ambiguous.

Land value for capital gains tax

In 1963 I bought a piece of land from my brother, whose value we estimated to be £3,500 on the basis that two houses could be put on it. I paid my brother £2,500 and promised him the other £1,000 if he resold it for more than £3,500. In 1978 I sold the land for £9,000, of which my brother received £1,000. The district valuer now puts the April 1965 value at £2,500 on the planning authority's statement that two houses could not have been permitted on it. The tax inspector insists that the £1,000 paid to my brother is merely deferred purchase price and that he must be assessed to capital gains tax as having received the whole £9,000 sale price. If the inspector rules that the purchase price in 1963 was £3,500, can the value rule that the value in April 1965 was £2,500?
For CGT purposes, you are deemed to have bought the land

My insurers say I must bear "at least the first £786 of the cost of rebuilding." Have I sound grounds for disputing this?
We think that the exclusion does not relate to 3 per cent of the insured value, but of 3 per cent of the rebuilding cost of the buildings which are to be repaired on the occasion in question; so that in the present instance the £380 limit is the greater.

Reverse bed and breakfast

I am advised by my broker that if I should sell a block of my share portfolio and buy the same back on what he terms "bed and breakfast in reverse," I can avoid some capital gains tax. Can you confirm this?
Presumably what your broker has in mind is either:
(a) bed - end - breakfasting sufficient gains to use up your £1,000 annual exemption from CGT, or
(b) bed - end - breakfasting sufficient equity gains to absorb surplus credit resulting from sales of qualifying shares in investment trusts etc.
You must rely on your broker's skill and knowledge of the CGT rules (and ensure that he knows about any transactions in chargeable assets which have not passed through his firm).

Documentation on land

Shortly before he died intestate two years ago, my late uncle sold off some plots from a piece of land the balance of which is now to be sold. The family however are having great difficulty in obtaining

Control and regulation

A son now occupies a cottage, whose original controlled tenant was his father and then the controlled tenancy passed to his mother. I have been told that the son's tenancy now becomes regulated, but also that a controlled tenancy, starting with the original tenant, extends to further generations of successors. Could you please explain?
We think that the son would be a regulated tenant. While there can be two successors (in turn) to a controlled tenancy, the Rent Act 1977 provides for a second successor to become a regulated tenant.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Information as to these plots from my uncle's solicitor. What please can we do?
The administrators of your uncle's estate are entitled to stand in the shoes of your uncle and hence to require his solicitors to hand over all documentation in their possession relating to the land which he owned, including all endorsements and other evidence relating to sales etc. If necessary they should instruct other solicitors to obtain these papers and to pursue with the previous solicitors any matters which are not adequately recorded.

Gains made on bonds

I read some time ago that a tax free capital gain of about £3,750 could be made on the sale of unit trusts. I have a capital gain of about £10,000 on insurance and property bonds. Can these be realised tax free?
No, gains on single-premium insurance policies are chargeable to income tax (under chapter III of part XIV of the Income and Corporation Taxes Act 1970, as amended) not capital gains tax. The insurance company itself, of course, is chargeable to corporation tax on capital gains on assets in its life fund.

Assets after a divorce

My wife has divorced me and I am wondering if my car should be included in my schedule of assets as I am self-employed and for Income Tax purposes it is 5/8ths on my business account. Presumably if I gave up my business and wished to retain the car I would have to buy it from the business?
If your business is not conducted through a limited company you would have to include the car in your schedule of assets. However you can seek to persuade the Registrar that only one-sixth of the value of the car should be regarded as a personal asset.

Gold: no place for the timid

MINING
PAUL CHEERIGHT

THE BULLION market has never been a place for the faint-hearted, and this week it has looked more risky than ever. Prices moved up when, by most expert reckoning, they ought to have gone down. Consequently, the gold share market has been confused.

The background factors which would normally influence gold price movements have been pushed aside in the atmosphere of financial nervousness surrounding the development of U.S. energy policy and the changes in the Carter Administration.

The bare facts are simple enough. On Friday last week the bullion price closed at £388.125 an ounce. On Wednesday it passed through \$300, touched \$304 and finished the day at \$301.375. On Thursday it started to move lower and closed yesterday at \$298.625. The share market followed the bullion price up until Wednesday but then started to fall back, at first more sharply than the bullion price movements would seem to justify.

Market analysts are agreed that the bullion price was pushed up as a reaction to the fall of the dollar, in the same way as it was in October 1978, during the period before the Carter Administration announced a dollar support package.

Thus bullion's rise is less marked in terms of other currencies. The recent rise in the price was different in quality from the steady gains of the spring months when gold was rising in terms of all the major currencies.

The gold market has been used more than ever as a refuge for speculative funds. Indeed, the strength of the demand was evident at the U.S. Treasury auction which was nearly three times over-subscribed. It is for this reason that many in the market feel the present price is unstable and could fall between \$10 and \$50—the estimates vary.

Those who follow the cherts have noted that at present

levels, the bullion price is at the very top of its trading range, and that in the last comparable situation—at the end of October 1978—once the reaction set in, the price fell from \$245 an ounce to under \$200 in 13 trading days.

It is also observed that high interest rates and the level of return on international bonds, as the industrialised nations respond to the inflationary impact of oil price rises, exercise a counter-attraction to gold.

At the same time, the possibility that the Soviet Union will have to sell gold—after holding back from the market in the first half of the year—to finance grain imports could help to depress the bullion price.

However, it is acknowledged on the market that all of these factors, pointing to a fall in the bullion price, could be set at naught, if the nervousness on the financial market continues.

In this atmosphere of uncertainty, there has been a reluctance to invest in South African Golds. The Gold Mines Index remains lower than in May and June when the bullion price was under \$280 an ounce.

But the UK gold share market has had another and special factor with which to contend. Investment has been held back by the expectation that the investment dollar premium would be removed. The fact that the Government this week removed the premium on European portfolio investment has not eliminated the uncertainty. The feeling remains on the market that the strength of sterling will force the Government soon to remove the remaining legal inhibitions on portfolio investment overseas.

Against this background, the latest quarterly operating results of the gold mines net profits were expected to increase and generally this has happened. The gold price of the mines were receiving in the June quarter was roughly \$20 an ounce higher than in the March quarter.

But one of the most striking features of the results was the way in which the acceleration in costs has slowed. In the case of one or two mines, like Marievale of the Union Corporation group, the costs per tonne of

ore milled actually declined. If costs can be held, the earnings for the current quarter should show sharper gains, bringing with them a windfall for the South African Treasury. Provided the current gold price holds, then Treasury tax revenue from the mines for the whole year could be about R300m (£155.8m) higher than the budgeted R666m.

The most outstanding results came from Harthebeestfontein, the Anglo Transvaal group producer, and Western Deep, the Anglo American Corporation mine.

Harthebeest, drew the benefits of a higher gold and uranium recovery rate and returned June quarter net profits of R22.9m (£11.9m) compared with R15.66m in the March quarter. Western Deep's June quarter profits rose 59 per cent over the March quarter to R39.7m

(£20.6m) as gold production climbed, costs were contained and tax provisions fell.

Western Deep also lifted its interim dividend to 65 cents (49.3p) from 65 cents at this time last year. The 1978 final was 62.5 cents, and this year, assuming an average received gold price of \$275 an ounce, there are market expectations of a final of 125 cents. This would mean that 1979 payments would be about 50 per cent more than those of 1978.

Vaal Reefs, another Anglo mine, had an even more striking increase in its interim dividend, which went up to 190 cents (98.7p) from 100 cents. Last year total payments to shareholders came to 280 cents and this year could reach 450 cents. If market calculations of a final of 260 cents, based again on a received gold price of \$275 an ounce, are realised,

GOLD MINE NET PROFITS

	June quarter	March quarter	December quarter	Sept. quarter
Blyvooruitzicht	11,439	10,813	9,138	8,393
Bracken	1,898	1,834	1,660	1,757
Buffelsfontein	13,712	12,781	11,785	11,876
Doornfontein	5,401	4,040	3,330	2,991
Durban Deep	11,605	11,521	12,239	11,847
East Daggafontein	482	35	345	319
East Driefontein	30,261	28,259	30,811	22,813
ERGO	8,621	8,027	3,612	3,638
East Rand Pty.	11,556	11,112	11,253	16,78
East Transvaal	1,424	1,031	798	703
Elandsrand	408	790	—	—
FS Geduld	24,537	21,312	21,492	20,694
FS Sasolpoort	7,445	4,973	4,232	2,614
Grootvlei	2,604	2,061	1,780	1,314
Harmony	17,763	15,723	15,743	10,094
Harthebeest	22,956	15,663	14,433	11,287
Kinross	4,034	3,847	3,672	3,520
Kloof	16,818	14,036	12,404	10,940
Leslie	1,245	1,148	937	1,033
Libano	5,995	4,894	4,795	4,133
Lorraine	1,443	1,348	1,249	1,155
Loraine	791	635	608	699
President Brand	27,742	20,795	15,990	16,077
President Steyn	16,610	11,276	7,040	8,786
Randfontein	18,435	20,417	20,520	19,912
St. Helena	7,845	7,995	6,432	7,365
South African Land	3,402	11,101	5,819	3,470
Sulphur	4,278	4,751	4,249	4,710
Vaal Reefs	39,607	36,303	48,129	35,882
Venterspost	781	91,102	91,310	1792
Vlakfontein	407	330	353	148
Welkom	4,544	4,378	3,473	3,660
West Driefontein	29,442	27,144	28,227	25,797
West Rand Consolid.	4,449	4,502	4,129	4,243
Western Areas	8,447	8,650	8,319	7,086
Western Deep	32,747	22,144	22,699	20,783
Western Holdings	16,256	13,904	11,743	11,958
Winkellhaak	7,265	6,462	6,152	5,639

* Loss. † After receipt of State aid. ‡ Net surplus includes sale of capital items following cessation of mining. § After State aid repayment.

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The man who started it

AUGUST 22 marks the centenary of the death of Sir Rowland Hill, the only postal official whose name has become a household word on a global scale—and anyone in the remotest corners of the world from the Falkland Islands to Western Samoa, who has not already heard of him will have no excuse after the issue of stamps next month in his honour. For once the release of stamps on such a scale is well-merited, after all the man actually invented those sticky bits of coloured paper.

The postal administrations and philatelic bureaux of the world have much to thank Sir Rowland for and they are making full use of the present opportunity. At least 26 countries under the aegis of the Crown Agents are currently issuing stamps in Hill's honour.

The majority of the sets feature portraits of Sir Rowland and the lack of variety caused by concentrating on the rather Pickwickian pictures of his later years is balanced by the imaginative treatment. On the stamps of St. Christopher Nevis Anguilla it is reduced to a tiny inset cutout, whereas the stamps of Christmas Island and the Falklands show a three-quarter length portrait. On the stamps of Barbados a line drawing of Sir Rowland's profile is applied, to cancel the reproductions of postage stamps forming the main subject of the designs. By contrast the stamps from Swaziland have Hill's portrait relegated to the background and insult has been added to injury by placing the numerals of the value on top, thus obliterating his features.



As in previous omnibus issues in recent years, the Hill series has not only a common theme but a uniform structure, but each set is completely different.

STAMPS

JAMES MACKAY

Several countries are highlighting the other part of Hill's scheme for the prepayment of postage. This was the pictorial envelope or letter sheet designed by William Mulready R.A. Mulready lampooned the pomposity of Mulready's design and it was also widely parodied by stationers of the 1840s. The Mulready envelopes and wrappers were withdrawn in 1841 and replaced by stationery with embossed stamps—a practice which continues to this day. The Mulready design forms the basis of several miniature sheets, notably those being released by Norfolk Island and Anguilla. Whereas the Norfolk Island issue actually incorporates a portrait of Hill alongside the first Norfolk stamp (issued the first Norfolk stamp (issued 1947) Anguilla has ignored Hill himself and concentrated on reproductions of his famous stamps, two British, two American, a German and a Cape Triangular—which is probably an indication of the relative areas where the market in Anguillian stamps is strongest. Full marks to Barbados, however, for taking an actual postage used Mulready, addressed to a Mrs. Bird of Bristol in 1842, as the background of the miniature sheet incorporating a reproduction of the first Barbadian stamp which showed Britannia seated on sacks of sugar. Swaziland's miniature sheet has gone back much farther in time and features an enlargement of the triangular postmark used by the London Penny Post organised by William Dockwra in 1880; perhaps this is a presage of things to come when the Dockwra tercentenary arises next year.

UNIT TRUST AND INSURANCE OFFERS

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VOLVO 144 DL 1979 model 3,000 miles. Manufacturer's guarantee until April 1980. Radio, stereo, cassette. £5,350. Bournemouth 22650.

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MOTOR CAR ADVERTISING ALSO APPEARS TODAY ON PAGES 10, 11

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YOUR SAVINGS AND INVESTMENTS

First steps to money sense

SCHOOL-LEAVERS and first-year students face a bewildering choice in opening a bank account. Most of the big banks have special introductory terms to attract young customers, particularly students.

But the decision should rest not only on the short-term advantages a bank can offer but whether it is the right choice for the long term. For, once you have built up a good credit record with a bank it is usually best to stay with it. The banks reserve their best introductory terms for students, who in addition to getting free banking while they are in full-time study may also be offered very attractive extras.

BANKING

EAMONN FINGLETON

The most spectacular package this year is the Midland Bank's Retailer discount scheme.

Midland is also providing parents with special loans of up to £2,000 to help support their children at university. Parents will have to repay a fixed amount each month—the minimum payment is one-fifth of the amount borrowed. The interest rate is 4 per cent above the bank's base rate, which currently stands at 14 per cent.

Lloyds is this year's runner-up with its discount on British Rail's student rail card.

With the banks in the survey cases face substantial charges bills once the free banking period is over. The usual rule is that charges start clocking up if your balance drops below a certain level—often £50 or £100. In a recent survey of bank charges by Money Which?, the Consumers Association magazine, Barclays and Lloyds came out well among the major banks.

But National Girobank, which has no special introductory gimmicks, came out best of all. In most cases its customers now pay little or no charges.

Midland: discounts



SCHOOL-LEAVERS: Free banking for a year provided you remain in the black. Free literature on the problems of going out to work for the first time.

STUDENTS: Free banking while you are a full-time student provided you stay in the black. You also get membership of a new student discount scheme launched this week which will entitle you to discounts of up to 10 per cent at 15,000 shops, garages and other retail outlets.

If you bank with the Midland your parents will get priority for the new student-parent loan scheme, which will provide parents with loans of up to £2,000 to help with a student's education costs.

Lloyds: gifts



SCHOOL-LEAVERS: Free banking for at least 12 months provided your account is opened

Barclays: cash

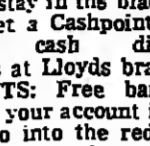


within six months of leaving school, you are paid monthly and you stay in the black. You get a Cashpoint card to operate cash dispensing machines at Lloyds branches.

STUDENTS: Free banking if you keep your account in credit. If you go into the red by less than £50 with prior permission you are billed only for interest.

Also free Cashpoint card. This year Lloyds is offering new student customers a gift worth £4 in the form either of a book token or a discount off the cost of British Rail Student Card. This costs £8 against a normal price of £3 and allows students to travel at half price on British Rail and Sealink services.

NatWest: leniency



SCHOOL-LEAVERS: No special deal on charges except that "the question of charges is viewed leniently."

STUDENTS: Free banking while your account is in credit as long as you are a full-time student.

You can get £150 of travellers' cheques each year free of the usual 1 per cent bankers' commission.

Special student cash card

enables you to get up to £20 a day from any Barclays branch. You will probably get a BarclayCard after six months. This is not only a credit card but acts as a guarantee for cheques up to £50.

Special student business officers in branches near campuses claim to be particularly sympathetic to student financial problems.

When you graduate you can get a special loan of up to £250 to tide you over until you get your first pay cheque—provided you have found a job. This money is meant to pay for items like clothes and season tickets and meet the down payment on a car or flat.

Last week's mortgage rate compromise owes much to the building societies' hidden financial strength. Eamonn Fingleton analyses the figures that underlie the new deal.

Seeing through the mortgage mystification

THE BUILDING societies can well afford last week's self-sacrifice in deterring a rise in the mortgage rate. By raising the savers' rate without an immediate matching increase in the mortgage rate they have made a break with tradition which will cost them only £85m in pre-tax profits this year. The money will be well-used—and not just because the societies have avoided ruffling Mrs. Thatcher's feathers.

For the solution the societies have grasped as a temporary expedient could well turn out to be a breakthrough towards a new more relaxed and sensible way of setting their interest rates. The point is that in keeping their cumbersome charabanc on the road in the constantly changing financial conditions of the late 1970s the societies have had to make ever more frequent adjustments to the savers' rate. That is not a problem in itself—but if the mortgage rate has to change as well, there is an enormous paperwork burden in notifying 5m borrowers of their new repayment bills.

By unhitching the mortgage rate from the savers' rate, the societies may have taken the first step towards a system where they can fine-tune the savers' rate month by month while steering a middle course with the mortgage rate. If the savers' rate were to change

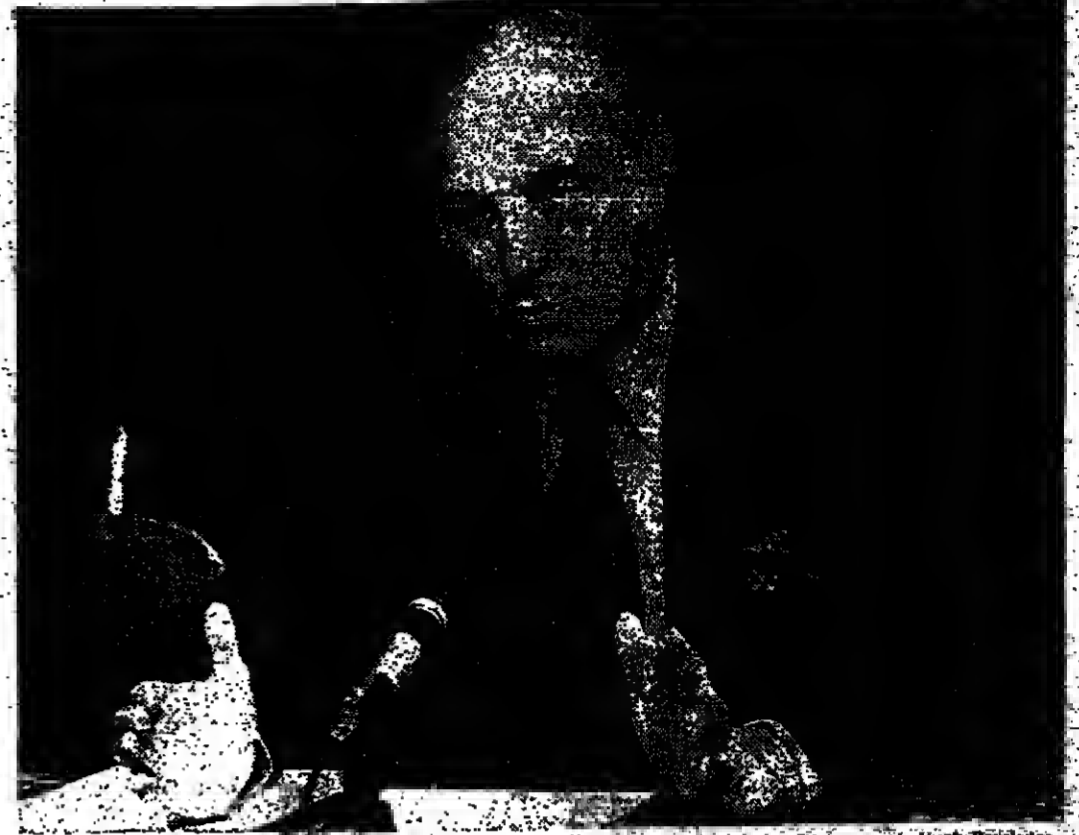
more frequently than the mortgage rate, societies would be running at times on very low margins or even at a loss, while at other times they would be making large profits. But as institutions whose main concern is not making profits, they are in a good position to take this non-commercial approach.

The Building Societies Association chairman, Leonard Williams, did his best to keep onlookers guessing until the end—but to anyone who keeps tabs on building society accounts the solution of an immediate rise in the savers' rate coupled with a mortgage rate rise deferred until next January was no surprise.

As we pointed out on this page three weeks ago, the societies have rarely been in a stronger position to contemplate such a formula. This is because—

- The societies' reserve ratio at the end of last year was about 3.5 per cent—the highest level it has been this decade.
- The societies' operating margins have improved as a result of a cut in the tax they pay on savers' interest.
- They have benefited from a windfall profits boost due to the backdating of the tax change to the beginning of April.

The strength of the societies' underlying position, shown in the table below, was what



Williams: can he keep the charabanc on the road?

Mrs. Thatcher was referring to when she intervened personally on behalf of borrowers, on July 5.

The Building Societies Association knew perfectly well what she was talking about—but chose to imply that, in her remarks about the societies' "very substantial reserves", she was talking through one of her garden party hats.

At the root of the matter is a confusion about what the building societies mean by "reserves." Correctly used, the term refers to that part of their liabilities which in any other business would be called "shareholders' funds"—that is, the equity cushion they have to protect them if they hit a bad patch. These reserves were built up over many years from retained profits.

But for many observers reserves mean the cash element in the societies' assets. And, of course, the societies' cash ratios at around 16 per cent are the lowest it has been in since 1970; hence the rather arch reporting of Mrs. T's comments.

What Mrs. Thatcher was suggesting was that the societies could afford to run at a loss for a few months in raising savers' rates without raising the mortgage rate.

The table below shows the industry as a whole will make pre-tax profits equivalent to an annual rate of 11p per £100 of total assets in the months ahead. This figure is our "major society's best estimate of the industry's true position—and therefore, differ markedly from the back-of-an-envelope calculations the Building Societies Association usually presents at mortgage rate press conferences. They are averages for the whole of the industry's assets. The interest income on mortgages, stated as 9.52 per cent of assets, looks odd in the light of a 11.75 per cent mortgage rate until you remember that less than 80 per cent of the industry's total assets are mortgages.

The figure for the cost of deposits is in each case based on the assumption that the composite rate of tax the societies

pay on savers' interest will be 21.5 per cent in the current tax year—compared to 22.5 per cent last year.

The net result of compromise is that the industry's total reserves will rise less this year than had been hoped—so the ratio of reserves to total assets will fall fractionally to around 3.65 per cent.

Can Leonard Williams get the industry to accept that the thinking behind last week's clever compromise could form the basis of a long-term strategy? Leaders of some of the major societies already accept the logic of making more frequent adjustments to the savers' rate than the mortgage rate. Abbey National estimates that the direct costs of processing a mortgage rate rise come to about 15p per borrower. If the effect of last week's decision was to stave off two changes in the mortgage rate—the second one reversing the first to reflect lower interest rates at the end of this year—the savings will total £1.5m for the industry as a whole. It has also saved enormous bother for home buyers and the banks, which have to process standing order changes.

By contrast the administrative costs of moving the savers rate are low: the societies tell savers by advertising and as they are always heavy advertisers the extra cost is next to nothing. If the savers rate was unhitched from the mortgage rate, it could be adjusted month-by-month as circumstances in the savings market demanded—so ensuring which, more even inflow of home loan funds. The present system of jerky movements that are often made long after they should be made that the industry must inevitably lurch continually between feast and famine—with the side effect of destabilising the house prices.

THE TOP TEN SOCIETIES' FINANCES

These are the figures that underlie the societies' decision last week to slash their profit margins.

	Latest year's pre-tax profits £m	Reserves at year-end £m	Reserve ratio %
Halifax	38.2	220.4	2.90
Abbey National	37.7	235.1	2.76
Nationwide	20.3	118.5	3.59
Leeds Permanent	10.4	84.6	3.78
Woolwich	13.7	73.1	3.50
Anglia, Hastings and Thanet	5.8	58.6	4.12
Alliance	2.9	46.3	3.27
Leicester	3.7	45.2	3.61
Provincial	9.9	30.5	4.09
Britannia	3.4	44.9	4.14

Ray Maughan on the embarrassingly buoyant pound Plea from export experts

THE HAPPY SMILES of British holidaymakers' cashing their ever-strengthening sterling travellers' cheques in Marbella, Malta, and Mykonos are emphatically not reflected by the captives of manufacturing industry back at home. Exporters particularly are steeped in gloom at the sight of a seemingly defenceless dollar.

As America digested President Carter's energy proposals and observed his Cabinet shake-up, the dollar was falling steadily. Sterling was trading at around \$3.27 during the week and the pound's trade-weighted index—measured against a "basket" of 10 leading currencies—was standing at around 72 against an average for 1978 of 63.

The impact on many companies of sterling's strength could be crucial. Sir Kenneth Keith, chairman of Rolls-Royce, has already estimated that a movement of just one cent in the sterling exchange rate will make a difference of £3.5m in net profit terms by the time the company reaches full production in 1982-83.

For many others, the effects are coming through rather more quickly. Sir Arthur Knight, chairman of the textile giant Courtaulds which is among the 10 largest exporters from this country, told shareholders this week that the present sterling rate had "a drastic effect on export margins." He calculated that the group's pre-tax profits in the last financial year would have been £30m as opposed to the published improvement of £10m if the pound had depreciated to adjust to the faster increase in costs in the UK than among overseas competitors.

Other points he and others have been stressing include the encouragement that a high exchange rate gives to imported goods and, of possibly greater importance, the possibility that

a continuation of high sterling parities might lead to the abandonment of export market penetration built up over many years. Any attempt to get back into those markets at some more favourable time, Sir Arthur felt, would be "impossible or highly unlikely."

The Stock Exchange has already taken the message to heart. In its Equity Market Analysis for July, the Wood Mackenzie stockbroking firm shows that companies heavily reliant on exports fill a substantial number of places in the league of worst performing shares.

Wood Mackenzie calculates that in the four weeks ended July 10 the price earnings ratio of BSR, the recent change manufacturer, which made almost £9m before tax in North and South America last year from a total of £15.3m, relative to the FT 500 Share Index had decreased by 22.8 per cent. Other substantial falls were recorded by Unilever (where the decline of the dollar premium has made the Dutch company, Unilever NV, that much more attractive) with a fall of 11.3 per cent. Metal Box, down 9.7 per cent, Enesco Mining, down 8.6 per cent and ICI, down 6 per cent.

The Phillips and Drew stockbroking firm forecast in a recent economic commentary that "companies are again likely to raise their export prices in sterling terms by rather more than the movement in sterling and the overseas rate of inflation suggest they could do without harming competitiveness."

But, while the market is expressing its blanket disapproval of overseas profits, it is important to differentiate between companies which are attempting to compete in other countries exclusively from a manufacturing base in the UK and those which own extensive assets abroad.

Companies in the former category must not only wrestle with sterling's embarrassing strength but also with a rate of domestic inflation which is widely tipped to exceed 17 per cent annually by this autumn.

Certainly, groups like BAT Industries which have invested abroad on a very wide scale (BAT's subsidiary, Brown and Williamson, for example, is one of the largest tobacco companies in the U.S.) will appear to suffer when dollar earnings and assets are converted for balance sheet purposes but this might justifiably be described as a superficial adjustment since the intrinsic worth of assets overseas will be untouched.

BEFORE AND AFTER ANNUAL INCOME AND EXPENSES PER £100 OF ALL BUILDING SOCIETY ASSETS

	Now	After August 1
Interest on mortgages	9.52	9.52
Return from gilt investments	1.98	1.98
Insurance commissions and other income	0.20	0.20
Total income	11.70	11.70
Deduct cost of deposits (including tax paid on behalf of savers)	7.70	10.61
Gross operating margin	2.00	1.09
Deduct management expenses	0.98	0.98
Profits before tax	1.02	0.11
Deduct corporation tax	0.41	0.04
Net surplus to add to reserves	0.61	0.07

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	Last	Vol.	Last	Vol.	Last	Stock
ABN C F.350					1		F.358
AZC C F.38		8.90			2		F.27.50
AZC C F.27.50		0.10	10		6		3.70
AZC C F.35			100		12		0.80
ARB C F.70		1.00			1.80		F.75.30
ARB C F.120							
ARB C F.90							F.365
ARB C F.120							295.5
ARB C F.90					10		F.118
ARB C F.30							F.30.50
ARB C F.30.50		0.10			6		
IBM C 870							51,999%
IBM C 870					25		
IBM C 870					35		5.80
KLM C F.110					2		3.40
KLM C F.120					8		0.50
KLM C F.120					10		6.20
KLM C F.120		0.10			14.80		
KLM C F.120							F.115.50
NN C F.110							4.90
PHI C F.500							F.6050
PHI C F.500		1.40	10		2.80		F.24.10
PHI C F.27.50					74		0.40
PHI C F.27.50					1		0.40
PHI C F.27.50							
PHI C F.27.50		3.40					
RD C F.130		18.90					F.147
RD C F.130							
RD C F.130					18.90		61
RD C F.130					6		10
RD C F.130		1.50			151		7.50
RD C F.130					185		68
RD C F.130					28		8.50
RD C F.130					10		1.10
RD C F.130					24		2.50
RD C F.130							3.80
RD C F.140		0.10			85		4.60
RD C F.140					20		7.50
RD C F.140					50		16.11
UNI C F.120							F.128.00
UNI C F.120							
UNI C F.120		0.10			21		1.50
UNI C F.120							

TOTAL VOLUME IN CONTRACTS
 C=Call P=Put
 CORAL INDEX: Close 468.473

INSURANCE BASE RATES

† Vanbrugh Guaranteed	11 1/2%
† Property Growth	11 1/2%
† Address shown under Insurance and Property Bond Table.	

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 Capital Fixed Interest Portfolio 118.16
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45%	10.4% p.a.
60%	9.2% p.a.
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هكذا من الأهل

The Leeds lags

MORTGAGES

ANDREW TAYLOR

Like other major societies Leeds will be launching a new five-year term share at the end of this month at an interest rate of 3 per cent above the basic building society savers' rate. Walker says: "This extra cash has had to come from somewhere and we have been forced to push up interest rates for borrowers of larger sums. This has nothing to do with the rise in minimum lending rate; we would have done it anyway."

He adds: "We have introduced our term shares somewhat later than other societies and this is why we have perhaps not lifted our mortgage rates sooner."

THE Leeds Permanent, the UK's fourth largest building society, has joined the growing number of major societies to charge higher interest rates on larger home loans.

This leaves only the Halifax and the Woolwich Equitable building societies among the "top ten" charging the basic rate of 11 1/2 per cent on all mortgages.

The Leeds quietly revised its rates for larger loans last month. It is now charging an extra half per cent above the basic mortgage rate on loans of between £15,000 and £20,000, one per cent above on loans between £20,000 and £25,000 and 1 1/2 per cent above on loans above £25,000.

Stanley Walker, the Leeds' chief general manager, blames the move on the need to attract more "term" money from savers.

TRAVEL

Singapore was once a British imperial centre of stability in an area of intrigue and piracy. Today it is a sovereign state offering the visitor a taste of the past, a view of the present and a glimpse of the future. Arthur Sandles reports.

The mystic ways of the East

IT WAS a warm day and it had taken me some time to climb to the top of the pile of wooden packing cases. Down there, in the scorching, aromatic haze, the older parts of Singapore had seemed a good idea. From up there, I had thought, I could get a great snapshot of the real East in action. Perhaps I should explain that I am fair-skinned, by nature, and in the 90-degree, high-humidity atmosphere of a sub-tropical afternoon, tend to grow florid. Within a few moments of my first steps on the lower slopes of the south face of the packing case mountain I had become a focus of attention.

Otherwise all you will see of the firm hand of Government is the occasional sign, in post offices for example, saying that long-haired males will be served last, or the posters urging the locals to remember that two children are probably one too many that they need. The sign at the local satellite tracking station, which indicated that people who came too close would be shot if I took to be Singaporean humour.

But why go to Singapore? Well, the main purpose for any such visit must surely be to sample a little of the region's culture, to taste something of its food, to smell its smells and to absorb in its emporiums. The food in Singapore I found unfailingly fascinating. If you can shrug off efforts of local friends to herd you into "international" restaurants (even at Raffles you go for the mood, not the food) head instead for the street stalls. Seats are scattered around the pavement and roadway and T-shirted waiters scurry back and forth with plates of amazing delicacies.

High on most visitors lists is shopping. The savings on many items, particularly watches, cameras and electronic equipment are huge—as much as 40 per cent as far as I could see, even after paying UK import costs. The first rule of buying, however, is to decide in advance what it is you want, and pretty precisely, too. The average Singaporean salesman is an expert at switch-selling and will make you move brands before you realise it. Check before you leave on UK prices, they are often not as high as you think, and for real comparisons take the latest copy of Hi Fi News. Amateur Photographer or whatever other magazine has the necessary advertisements, with prices, in your particular field of interest.

All the talk about eastern inscrutability, je ne sais quoi, pictures clearly show neither lizards nor foxes, flying or otherwise. They reveal instead a variety of upturned faces all displaying a combination of amusement and scorn.

An early impression of Singapore is its orderliness and cleanliness. The Singapore Government is not without its foibles but, as far as the tourist is concerned, these mainly show themselves in the form of a feeling of security on the streets, no matter what the hour.

But not for the tourist this troublesome questioning. Instead it is down with the beer and on to the next dish of chilli crab. There is still a large slice of old Chinatown in Singapore and one can but hope that some of it survives, even if Bugis Street does not. The markets are there (and I have aerial shots to prove it), the old houses and endless, endless stores. It is a world in which no one seems to do anything but sell to his neighbour.

Go to several of the large new shopping plazas and make price comparisons. You will soon become blasé about bargaining, even being able to turn your back on the eternal cry of "I'll make you a special price, sir." Best of the shopping bazaar are Lucky Plaza and Plaza Singapura.

Perhaps we all become a little more our real selves the further from home we get. If that is the case then Singapore over the years must have grown used to the British being their eccentric selves.

Although Singapore is often bracketed with Hong Kong and Bangkok as just another part of the mystic East, in fact there are marked differences. One might just as well bracket London, Amsterdam and Rome. Singapore has a character very much its own. Less crowded and hectic than Hong Kong, certainly, and less, shall we say stimulating, than Bangkok, it still is an island state that is a

group—for this is the sort of eating which is best done among friends, or even passing acquaintances—can eat, drink and be very merry indeed for long into the night on a couple of pounds a head. You can eat well for much less.

Even without shopping, however, Singapore is worth the visit. Not only in its own right, but also as a stepping stone to other oriental delights. And, if you are very lucky, they may not yet have moved those packing cases. For all I know they are still laughing at the red-haired Englishman who preferred a bird's eye view.



Part of Chinatown

Handwritten text in a box: "Singapore"



Morning rush hour at Clifford Pier

Look beyond Niagara

BY B. A. YOUNG

WHEN YOU have seen Niagara Falls from every direction, and perhaps sailed to their foot, shrouded in a tarpaulin overall, in the Maid of the Mist, there is only a kind of Transatlantic Blackpool left. Certainly there is no need to stay longer, for less than 20 miles to the north is the most delightful country imaginable.

Below the Falls, the Niagara River flows from Lake Erie to Lake Ontario through glorious parkland, the U.S. on one side and Canada on the other, until it empties into Lake Ontario at Niagara-on-the-Lake. On the Canadian side the Niagara Parkway follows the river line through beautifully cherished country rich with ornamental trees and built on only with discretion. In May there is splendid blossom on trees and shrubs. At the end of this road is the little town of Niagara-on-the-Lake, where every summer they hold a theatre festival devoted mainly to Shaw.

Now that we are on the U.S. side, we should look at Youngstown, which lies opposite Niagara-on-the-Lake at the top of the river. A ferry-boat comes from a Youngstown boatyard when a button is pressed to light a signal lamp on the Canadian waterfront. When the ferry isn't running—it is a summer service—you drive 11 miles along the Parkway to Queenston, site of a famous battle in 1812, and cross the bridge to Lewiston. Lewiston puts on a festival of theatre, opera and dance in the summer.

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Niagara-on-the-Lake is very conscious of its history; but it is history few British people remember. Who now recalls that between 1812 and 1814 we were at war with the U.S. and that if anything it was the U.S. that won? They remember it in eastern Ontario, and indeed in northern New York State, in Niagara-on-the-Lake the braves were put on the calendar at about 1820.

Some Canadians tend to cross to Youngstown for luncheon on Sundays. It costs a dollar on the ferry (a U.S. dollar, a little supplement for a Canadian one), but the cost of a good lunch is less in Youngstown than in Niagara-on-the-Lake, they say. Certainly the beer comes at about half the price of the Canadian article, and the licensing laws are more liberal than the Ontario laws that recall Scottish practice at its old-fashioned worst. I have had a very good meal at the Old Fort Inn.

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None the less, there is good food to be had in Niagara-on-the-Lake, which is well furnished with hotels. They range from the eight-room Angel Inn, consciously colonial, to the 60-room Prince of Wales and Pillar and Post. The cheapest rate will be around \$35.00 a night for a single room; the dearest maybe \$40.00. It has to be said that in the high holiday season a good deal of the service relies on the part-time activities of students and so on, and sometimes shows it. A charming girl came running after me as I left my hotel to tell me she had left \$60.00 off my account, but you can't always count on luck like that.

There is a local wine industry, the Niagara Peninsula being fruit-growing country. Canadian wines should be approached with caution. I have drunk a decent Riesling from Inniskillin Wines, whose headquarters is in Niagara-on-the-Lake; and I have had a red wine of uncertain provenance that tasted exactly like wine-gums—perhaps a misunderstanding on someone's part.

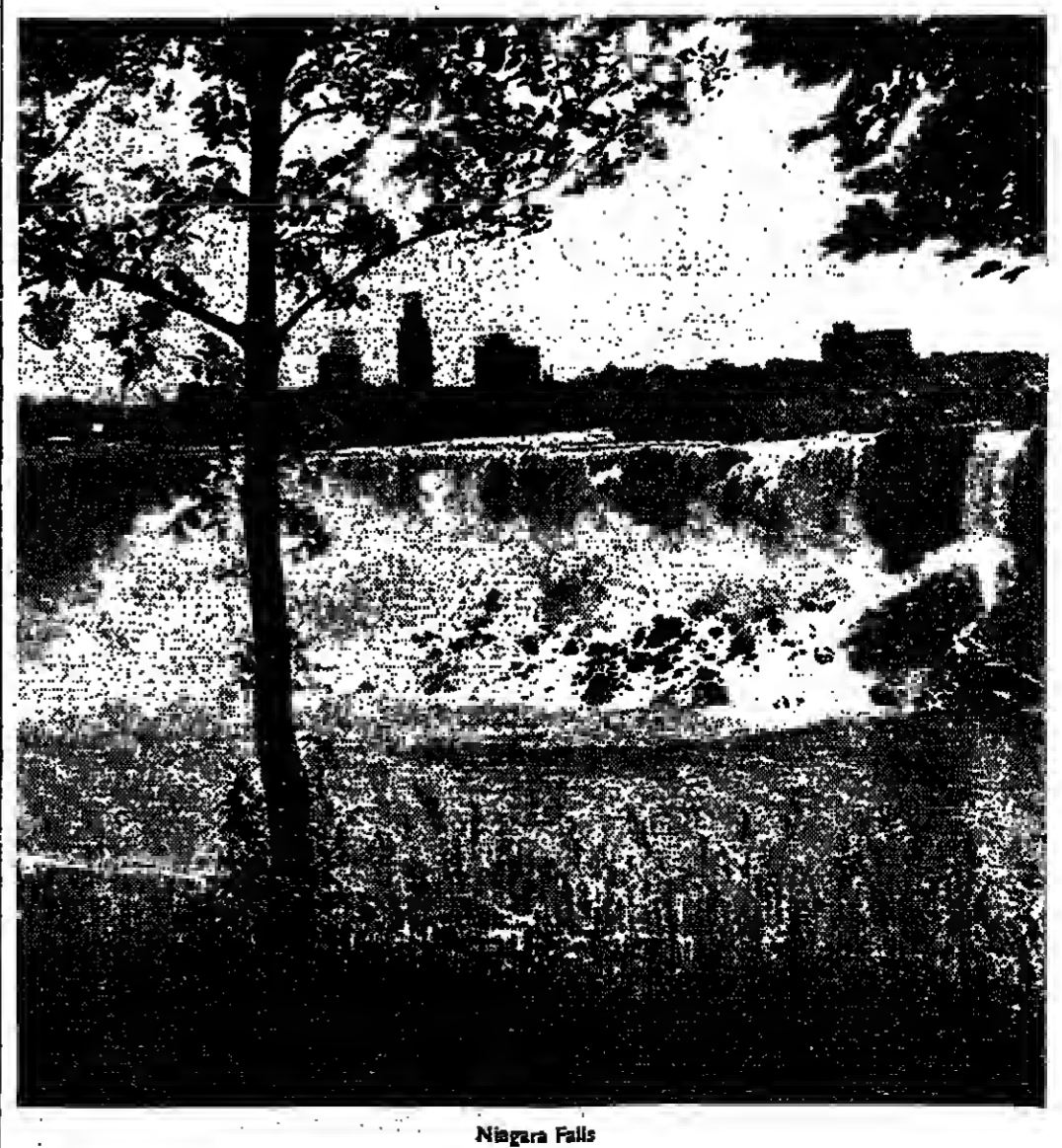
Even the churches went down in the fire. Restored in the fashion of the early-19th-century they look like scenes for a film set. One house, the home of a local heroine named Laura Secord, has been scrupulously restored inside and out to perpetuate its pre-war appearance in 1812.

Even at week-ends, when traffic flows in, it is quiet enough in the town centre for occasional squirrels from the extensive parks to hop about the Queen Street pavements without fear—dark brown

Niagara-on-the-Lake is an easy two-hour drive from Toronto, 80 miles away along good roads. From the other direction, it is 35 miles from Buffalo, and Buffalo is readily accessible from New York, by air, rail or road.

Even at week-ends, when traffic flows in, it is quiet enough in the town centre for occasional squirrels from the extensive parks to hop about the Queen Street pavements without fear—dark brown

Information is obtainable from the Ontario Ministry of Industry and Tourism, Queen's Park Toronto, M7A 2E3; and the Ontario Government maintains an office at 13 Charles II Street, London SW1.



Niagara Falls

TRAVEL

Autumn and Winter Cruises

The two great cruise liners of the world, VISTA FJORD and SAGA FJORD, will again head for warmer waters and the sun in autumn. The cruises listed are just part of an extensive programme, running from September 1979—May 1980, crisscrossing the world. A complete list for the cruise companies is available on request. For details of the cruises, send a copy of this page to: Cruise Department, World Travel, 111 Pall Mall, London SW1Y 5PU. Tel: 01-590 1843.

Table with columns: Depart, Days, Cruising Area. Lists various cruise itineraries including Mediterranean, Black Sea, Caribbean, and Round the World.



RESIDENTIAL PROPERTY

Real estate advertisements for properties in France, South West Spain, and America Executives.

HOTELS

Who says you have no business in Monte Carlo?

Advertisement for Beach Plaza Hotel in Monte Carlo, highlighting its location and amenities.

Form for saving money on a London visit, including fields for name, address, and dates.

HOTELS

Advertisement for Harrogate Old Swan Hotel, listing its facilities and location.

HOTELS

Advertisement for Harrogate Old Swan Hotel, providing contact information.

PUBLIC NOTICES

Public notices regarding legal matters and company announcements.

PERSONAL

Personal notices including lost items and service announcements.

CLUBS

Club notices and membership information.

MEMORIAL SERVICE

Memorial service notices for deceased individuals.

Advertisement for luxury mobile homes in France and Spain, featuring Sunline Holiday System.

Advertisement for Swiss City Flights, listing routes between Geneva, Basel, and Zurich.

Advertisement for holiday accommodation, including Bordogne House and SeaJet services.

Advertisement for SeaJet, offering exciting new services to Dieppe and Paris.

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FIR TREE COTTAGE, Woburn Sands
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PROPERTY

Harrow's Hill

BY JUNE FIELD

TWENTY-FOUR HOURS seven-days-a-week "Phone A Home" is a computer-style service just started by Dexter Moscow, Middlesex estate agent, to supply details of residential properties over the telephone. When I rang the special number, 01-863 6669, there was a power-failure, so the service was not in operation. Mr. Moscow was most upset, because in the normal course of events I would have heard him on tape, giving an up-to-the-minute selection of about a dozen or so properties in the Harrow, Kenton, Wealdstone, and Watford areas.

Actual addresses are not given, but between approximately 9 am-7 pm daily, including Saturdays, you can get full details on their normal telephone number, 01-863 6666. On a Sunday a transfer system is being organised whereby individual enquiries can be dealt with and a caller's mortgage-status established.

Mr. Moscow feels that with all the sophisticated equipment now available for concentrated sales and marketing techniques, there is no excuse for estate agents not to provide a full seven-day service for both seller and purchaser. "What people want is a combination of professionalisation and 100 per cent service at all times."

Currently on offer was a luxury two-bedroom purpose-built apartment on Harrow on the Hill. £98,950, a three-bedroom "semi" with gas central heating in Harrow Weald, £24,500, and a house with a similar accommodation in South Harrow, £29,000. Overlooking the playing-fields of Harrow was a luxury two-bedroom ground-floor apartment, £49,950. If you want printed particulars of properties contact Dexter Moscow, Harrow and Wealdstone Station Forecourt, The Bridge, Harrow, Middlesex.

Property moves fairly quickly in Harrow on the Hill, which houses Harrow School, founded in the 16th century by Middlesex property-owner John Lyon. Nikolaus Pevsner in the *Middlesex* volume of "The Buildings of England," 1951, mourned the fact that there was little separation between town and school. "They have instead grown into each other, until in the end the school has sucked so much of its life-blood out of the town that we can now only with difficulty reconstruct the pre-school or even pre-Victorian



Above, right, a four-bedroomed, three-storey detached country residence in Shamley Green, near Guildford, is currently on the market with Mann and Co. This is an interesting house which has a cellar and two good-sized reception rooms, built around 1830 and has had various uses; it was at one time part of a grocer's shop. Lord's Hill is an interesting part of the village which was the centre, some years ago, of a religious order called "The Cooks" who owned, or lived in, most of the houses in that area. Lord's Hill House was the principal house being occupied by the Elder of the sect. The property, which features an Adam style fireplace in the drawing room, stands up above the Lord's Hill Common and has fine westerly views to the Hog's Back. The asking price is £60,000.

Above, left, a property which was listed as a building of historic interest in 1972 is also on the market through Mann and Co. The property, situated in Epsom Road, Guildford, has been divided into four parts; it was built in the early 1830s and was at one time believed to be the Coach-house for the Duke of Northumberland. The cottage, which has been beautifully modernised and includes some original features, has three bedrooms, sitting room, dining room, cellar, luxury equipped kitchen and a garden which has concealed lighting in ornamental walling and trees to combine a most attractive night-time display. Offers in excess of £55,000 are sought by the agents.

appearance of Harrow-on-the-Hill.

Yet, even nearly 40 years on, there is really no cause to complain about the scholarly ambience. At the foot of the Hill I observed the wooded seat, somewhat neglected, commemorating Louis Morarty, 1930 - "Scholar, Philosopher, Friend, Harrow Master 1889-1917." Up in the busy High Street is the rather Spartan window of Hills and Saunders, photographers. "Under the patronage of Harrow School," with its display of Leavers' Book, dusty boater and portrait of Harrow School, and the local estate agents, Wilson Hawkins and Co. are in an old cottage by the Harrow Truck-Shop - its window displaying such staff of life as Brevet, Cakes, Pepsi Cola and Lyons Maid Ice Cream. Before you get to Gieves, Harrow school stores, have a meal at an excellent French restaurant curiously christened

"The Old Etonian" by the patron, Eric Armitage. The menu is printed on the back of a reproduction of a page from the *Harrow Gazette*, Saturday, October 15, 1898, whose advertisements included that of One Hundred Eggs Farm, Sudbury, where "customers may call and select the Cow that they would like their supply from" and Thatcher and Co., Family Pale Ale and Porter Brewers - Stout for Lavaldas, 3s 6d a dozen bottles. I was told a more recent bearer of a similar name, Mark Thatcher, the Prime Minister's son "often pops in for something to eat."

Back down the Hill towards Sudbury, are homes Pevsner described as "good specimens of wealthy private houses." Only 4-hour drive from Heathrow Airport and about 10 miles from Central London, it's a convenient location. Hampton and Sons, 6 Arlington Street, St. James's,

London, SW1, are offering Tree Tops, Sudbury Court Drive, a 6-bedroom, 2-bathroom house whose 25 ft by 30 ft living-room has such refinements as Swedish woodblock floors, electrically-operated curtains and a large ornamental fish tank. Offers are being invited in the region of £150,000 for the freehold.

Architect M. H. Bailie Scott (1865-1945), built The White Cottage, Sudbury Hill, in the style of an Elizabethan manor-house, with 5 bedrooms and 2 bathrooms. The magnificent oak-beamed sitting-room has a music recess at one end, and a stained glass window and raised rectory at the other end, plus an oak settle forming an inglenook in the central portion. Price £127,000. "For Sale" boards outside with the admonition "Private Callers Forbidden" are Hampton, and Glenzer Estates, 698 Finchley Road, London NW11.

State of the market

IS THERE residential property market slippage a trifle? Michael Thomas, partner in one of Fox and Sons West Sussex offices, thinks that it has reached its peak with the steam just beginning to go out of sales, as more and more properties come on the market. "Yet the demand is still there for homes in desirable areas near the sea or by the river." He quoted an example of a small "town" house within a few yards of the foreshore near Littlehampton which was sold, subject to contract, for around £30,000 within a week of it being advertised.

Several estate agents have told me that the petrol situation (both its cost, and availability at weekends), is now having some effect on Saturday and Sunday viewing. "It's not just a question of driving off for a day out in the hope that they might see something for sale. And people will not drive long distances just to see a property, but want a selection of a similar type and price to look at. For instance, if someone is searching for a Regency house or cottage or something heavily Victorian in a particular district, they will contact several agents to see what is on offer."

Currently the most active property-seekers appear to be those who have sold their own home, and must find something before completion. Several families I know are taking a week of their holiday to concentrate on really in-depth viewing. And with a certain amount of cash on tap, or the likelihood of it, they have the edge over those who have to wait for funds on a heavy mortgage commitment. As for the increased borrowing rates, frozen by the building societies until January, there seems to be a philosophical attitude that they will worry about them when they happen. A growing trend is to be much more selective over details such as heating. "How much does your system cost you to run?" a would-be purchaser will ask a vendor pointedly, who may be asked to produce bills in support of any figure given. Double-glazing, insulation in the roof, and for computers, the price of a season-ticket all have their influence on a sale. For second-homes, people who can afford them are looking for places with trouble-free equipment that does not need constant maintenance. "We don't want to spend all our weekend or holiday checking that everything works," is the general feeling.

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GARDENING

Attractions of Hebes

BY ARTHUR HELLYER

LAST WINTER was bad for hebes, so that it made them appear considerably more tender than they really are. What I was not sure but I suspect that much of the damage occurred late in May rather than in January when the wind rising and growth about to recommence, often a tricky time for cuttings.

I hope my experience will not put gardeners off hebes, for they are really very good shrubs, among the easiest to grow in winter are not too severe, and certainly among the easiest to propagate from cuttings or seed. It is really no problem at all to root a few stems of each kind grown, planting them in pots filled with soft peat and sand in July or August, covering each pot with a polythene bag until the cuttings start to grow again and then overwintering them just as they are on a window ledge, or in any other light yet sheltered place. If they are not required the following spring they can be given or thrown away but if there have been losses the rooted cuttings are available as replacements.

With about two exceptions, hebes are all natives of New Zealand. Some come from the North Island and some from the South Island and they are also found at very different altitudes, some down by the coast, others high up in the mountains, all of which makes a difference to their hardiness. Many hybridise easily, not waiting for gardeners to do anything about it, but simply interbreeding with almost any other hebe that may be growing nearby and then producing self sown seedlings whose parentage can only be guessed by examination of their leaf and flower characteristics.

No wonder the naming of the genus always seems to be in a mess. Names are constantly being changed, even the experts do not agree and it is easy to pick up the same plant several times over under the mistaken impression that one is buying something new. The only certain way to avoid this is to purchase hebes in containers when they are in flower.

The range of habits, foliage types and flowers is astonishing. There are ground hugging hebes and hebes that grow into tall spreading shrubs; hebes with tiny, close packed leaves overlapping like those of a cypress and others with quite large, shining leaves with the leathery texture characteristic of laurels. Some bear their

flowers in erect, tapering spikes, some in hanging rat's tails and others in little clusters or scattered, more or less indiscriminately all over the plant. Some of the tiny leaved kinds such as *Hebe cypripedoides* and *H. hypoleucoides* make good rock garden shrubs and one named *H. armitstrongii* is a highly distinctive foliage shrub. The overall colour of this remarkable little bush is a curious greenish copper, rather like that of *Cassinia juliana*, and the slender branches are all swept back one way as if they had been combed or blown by the wind. It always attracts a lot of comment and few visitors to my garden ever recognise it as a hebe.

By contrast *Hebe speciosa* and all its numerous close relatives are the largest, lushest leaves and the most brightly coloured flowers of the family. Probably the true species does not exist in gardens its place always being taken by hybrids such as *La Seduisante*, with deep crimson flowers; *Simon Delaut*, with purple red and *Alicia Amhurst* a rich blue-purple. *Hebe anderssonii variegata* belongs to this group, a fine variegated evergreen with leaves in two shades of green plus a broad margin of cream. The flowers are a slightly wispy washy violet but this is a shrub worth growing for its foliage alone. All these "speciosas" are a little tender and all grow well by the sea with an apparent total disregard for salt laden wind. They also continue to flower late and have handed on this useful characteristic to some other hybrids.

Much tougher than these "speciosas" forms are the hybrids of *Hebe elliptica* another species which seems to have been totally replaced in gardens by its bastard offspring. It matters not at all for they are all excellent shrubs, dumper in habit than any of the "speciosas" with smaller elliptical leaves, very regularly arranged and closely packed so that they cover the ground densely and almost exclude weeds. The flowers are packed in short dense spikes, usually violet purple and long lasting. I find these useful hebes self seeding themselves in the most difficult places, even in rock crevices where they seem to pick up sufficient food and moisture to grow into luxuriant bushes in a surprisingly short time. Botanists call these hybrids *Hebe franciscana* and they will be found under that name or as *H. elliptica* in most nursery catalogues.

The hardest species is probably *Hebe brachysiphon* which used to be known by the much easier name *H. traversii*. This has neat, box like leaves makes a big, dome shaped bush and covers itself in June-July with little erect spikes of white flowers. It stands clipping well, makes an excellent hedge and will flower every year even when hard cut provided all the trimming is done immediately the flowers fade. Those who require something smaller and even neater should plant *White Gem* which looks like *H. brachysiphon* cut down to about 40-50 cm. Some experts say that it is, indeed, a dwarf form of *H. brachysiphon*, others that there is no connection between the two, an indication of the botanical complexity of the genus.

Hebe albicans is one that cannot be mistaken for anything else for it has closely packed oval leaves that actually clasp the stems which themselves curl over at the top to form a very distinctive low, milky green dome covered with white flowers in July. It is one of my favourite hebes but it is not one of the hardiest and it suffered rather badly last winter. Well rooted cuttings are already growing up to take the place of plants too badly mauled to be worth preserving.

Even shorter than these is *Hebe pinguefolia paget*, rather a mouthful of a name which usually gets shortened in gardens to plain *H. paget*. This bug the ground, covering it with low mounds of small grey green leaves with tight clusters of white flowers in June. It is ideal ground cover for warm sunny places and just the plant to grow in small soil panels left in terrace paving. *H. Cori Teschner* can be used in the same way, a variety of doubtful origin distinguished by its almost black stems, dark green leaves and small clusters of violet purple flowers.

The largest individual flowers are produced by *Hebe macrantha*, a pure white, saucer shaped and carried in flat clusters all over the top of the little bush. Unfortunately all the leaves are also crowded at the top leaving the stems bare and unsightly below. Maybe this ugly habit could be cured by pruning after flowering but I have not yet got round to experimenting with this.

My favourite species is *Hebe hulkensis* or one of those kinds so closely allied to it that I am never quite certain which is which.



It is at this time of year that Britain's municipal gardens come into their own. The City of London has some particularly attractive offerings, small oases of calm in a sea of tower blocks and traffic. This particular rural view was taken on a busy weekday morning this week within yards of St. Paul's Cathedral.

Hammersmith lettuce

WE HAVE been self-sufficient in lettuce for about a month now, the mint is becoming a nuisance, our first crop of French beans should be ready this weekend and the tomatoes are setting nicely. . . . An every day story of country folk? Well, not quite, because this particular garden is thriving away some 60 ft or so in the air on a small terrace that has a grand view of the Hammersmith flyover.

What started as a joke has now become a deadly serious battle with space and this strangle aerial environment. In an area only 8 ft x 8 ft we now have some 30 All the Year Round and Webbs lettuce in various stages of growth; two dozen French bean plants each heavy with fruit or flower; a 3 ft run of runner beans; a dozen tomato plants (Money-maker); mint, sage and chives; a few strawberry plants (taken crops only); and a well stocked flower bed.

Everything on the balcony, except the herbs and strawberries and flowers, was grown from seed. Even now infant lettuce are nurtured on the bedroom window-sill to be transplanted to Grow-bag or pot whenever a vacancy occurs. All

the Year Round, a small but tasty butterhead, is much easier to handle than the crisp and large Webbs. Not only are we getting a lower germination rate with Webbs but they seem to attract greenfly like magnets. The greenfly are but one example of the way in which nature has moved in to this lofty piece of isolated greenery. Not only do we have plants. We now also have spiders, butterflies, blackflies, ladybirds, caterpillars, ear-wigs and wasps. As yet there are no bees, which is worrying because the runner beans are covered in flowers and they are not self-fertile. The bucolic imagery is completed by a cat who has found new delight in lurking among the vegetation and chasing off invading wood pigeons.

The one drawback is water. In the last few rainless weeks our thirsty crops have been consuming six gallons of water a night, two-third of which must go to the tomatoes. Is it worth it? In money terms of course not, but in pride certainly. If many more neighbours come round asking for a spare lettuce or piece of mint we'll soon be setting up Hammersmith's first farm shop—watch for the signs on the fly-over.

The whole thing started with a few egg boxes and a couple of packets of seeds and soon got out of hand. Our fledgling garden, then covering only the top of a small picnic table, was struck by late frosts in much the same way as its larger brothers. Our first batch of French beans was decimated by the cold.

Next on the list of problems was the cat. It narrowly avoided losing several of its lives when it was found digging up a patch of tiny lettuces. Our four foot square lettuce field was thereafter protected by chicken wire (have you ever tried to buy just four square feet of chicken wire?)

The latest danger, as beans and tomatoes grow tall, is the wind. A breeze at ground level can be a gale at 60 ft and, for the moment, wire and string are the only things preventing our tomato plants from becoming the flying vegetables they clearly dream of being. Life out there in the country at this time of year may be all sunny days and green fields. For us urban gardeners it is a constant battle against antagonistic elements.

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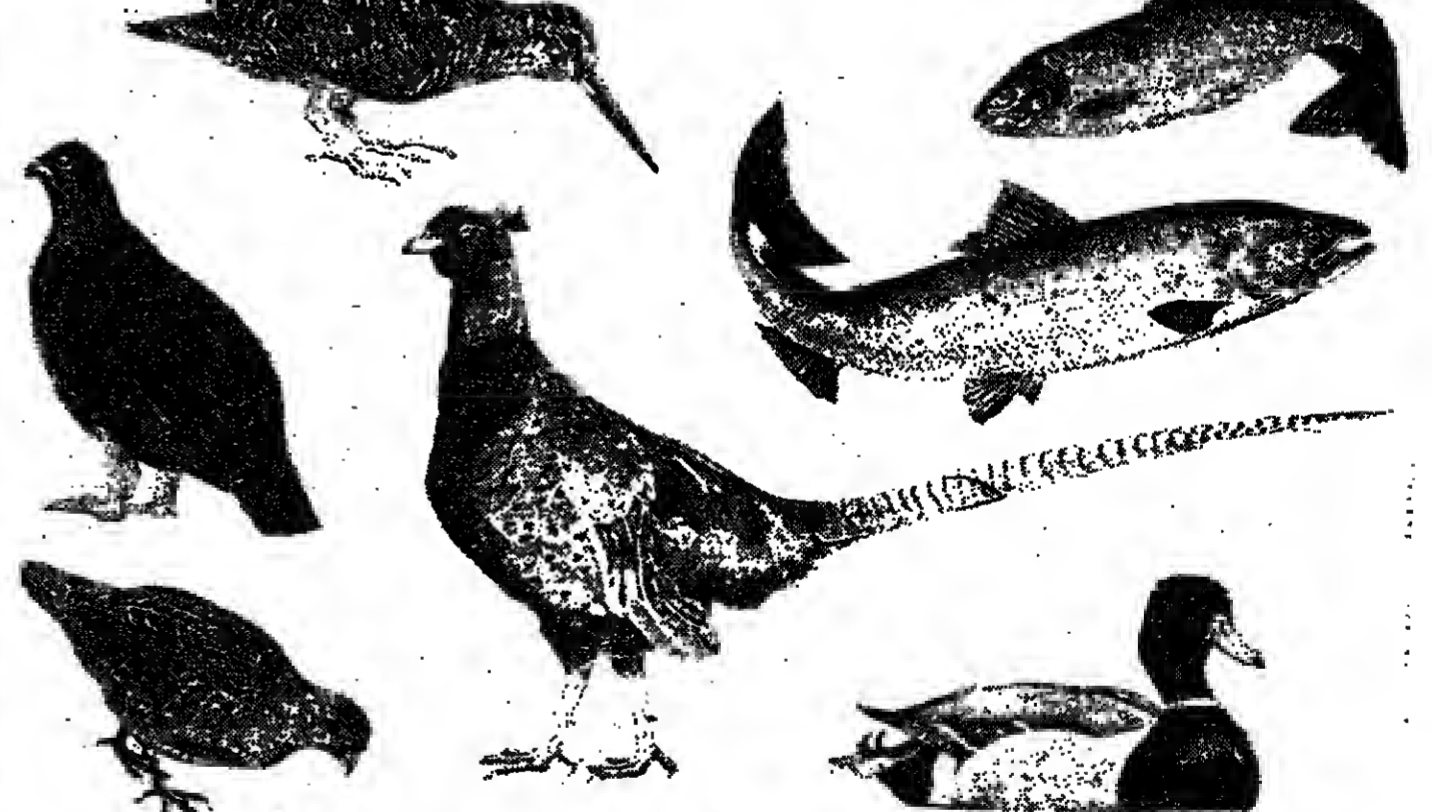
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BOOKS

Rebel daughter

BY PETER QUENNEL

Nancy Cunard by Anne Chisholm Sidgwick and Jackson, £8.50, 366 pages

On March 18, 1965, Nancy Cunard, having eluded the last few friends still determined to assist her, died alone under an oxygen tent in the public ward of a Parisian hospital. She had been born on March 10, 1896, at Nevill Holt, her parents' large and splendid country house, the only child of Maud Burke, a 24-year-old heiress from San Francisco, and the middle-aged Sir Bache Cunard, chief inheritor of the great Cunard fortune, master of hounds, gardener, topiarist and conventional English country gentleman.

who by that time might be fast asleep, to ask his opinion of Rastignac, the Princesse de Cadignan, Vautrin, Julien Sorel or any other fictitious character who happened to have caught her fancy. George Moore, Lady Cunard's most ardent admirer, became her daughter's earliest adult friend; and she would take him on long muddy walks across the fields of Leicestershire, showing him her favourite rubbish-heap and listening to his sympathetic conversation. Many rich little girls have fared worse. Why did Nancy then grow up so fierce a rebel? Lady Cunard was not a "good mother" in the ordinary meaning of the phrase; parenthood and marriage she pretended to regard as subjects that a sensitive and well-bred person could scarcely be expected to discuss. But, given her peculiar prejudices, she had a real affection for her child, was proud of Nancy's juvenile verses, and, when she had finally emerged from the schoolroom and plugged into the social world, seems to have made few attempts to spoil her fun.

marriage itself and the divorce that quickly followed with philosophical resignation. To suggest that she had engineered the match was evidently ridiculous. Nancy's marriage and its breakdown, however, had at least one good result. She had now achieved her independence; and the next 10 years were probably the happiest period she ever knew, when, in London and soon afterwards in Paris, she became one of the most, brilliantly conspicuous young women of the post-war generation. talented, fashionable, daring, amusing and, of course, thanks to her mother's allowance, economically secure. Though not a beauty—she had Lady Cunard's bird-like profile and slightly receding chin—she possessed an extraordinary fascination. She was "incomparably bewitching," writes Raymond Mortimer. Her eyes were "an Arctic blue. . . . Next came the mixture of delicacy and steel in her build, hips, legs and ankles all of the slenderest. Her walk also enchanted, the head held high, and one foot placed exactly in front of the other spontaneously, briskly, boldly, skimming the pavement."

To say that, in her youth, she was much loved would be a feeble understatement; among her lovers were Aldous Huxley (who portrayed her as Mrs. Viveash in Antic Hay, and as Lucy Tantamount in Point Counterpoint), Michael Arlen (who romanticised her, and popularised the tale of her unhappy marriage, in The Green Hat), the Georgian poet Robert Nichols (who wrote a sonnet-sequel, where she is represented as a kind of modern "Dark Lady") and the young Surrealist prophet, Louis Aragon. The 'twenties were Nancy's Golden Age; yet she still required a cause, a focus for all her rebellious energies, intellectual and emotional; and such a cause she did not discover and embrace until the end of the decade, when she met and fell in love with a black musician, a large, amiable man named Henry Crowder. No revolutionary himself—he would have preferred to be accepted as a progressive American rather than as a persecuted African—to Nancy he became not only a lover but a cherished revolutionary symbol. At last she had found her cause—one, she knew, that would appeal and alarm her mother—the liberation of the coloured races.

In a solid, well-written volume, Anne Chisholm has traced Nancy's progress through her fortunate birth, through her extravagantly Bohemian middle years, to her miserable death, with devoted perseverance. She has collected a mountain of facts; but, having arranged them, she does not make it quite clear why she thinks that this strange, restless, ill-fated character deserved a full-length biographical portrait. Nor does Miss Chisholm manage to explain what went so persistently and sadly wrong in Nancy's conduct of her life. She had wild enthusiasms, generous impulses, a yearning to devote her whole existence to the cause that she sponsored—the Spanish Civil War produced a new cause that absorbed her between 1936 and 1939. Perhaps it was because she had an unlucky habit of confusing positions and ideas, and mistaking personal for idealistic motives, that she was apt so frequently to reach an impasse, and that her human relationships so often foundered. Again and again, her hopes were cut short—her private printing-press was one of the few projects that



Nancy Cunard: extravagantly bohemian

Apologia for Céline

BY C. P. SNOW

Louis-Ferdinand Céline, by Merlin Thomas, Faber & Faber, £10.00, 249 pages

Dr. Merlin Thomas's book on Céline is a labour of passionate devotion. It is desirable to say at once, particularly if one disagrees with Thomas's main conclusions, that he is to be trusted absolutely on points of fact. He knows Céline's writings as no other Englishman does. He has a command of Céline's French which very few Englishmen have. He has investigated all available sources about Céline's life, and is as conscientious about quotations (and incidentally a brilliant translator) as a scholar can be. It would be mean-spirited to read his book without respect.

intellectual France, the re of Dreyfus, the lot. He is political innocent, accordi Thomas, almost a political becke. That isn't good en Céline was very far from a A writer has a responsible his art. That didn't ent those odious polemics. A also has the responsibility a decent citizen, and sh more than that. A write Céline is likely to be his to. If Bupattelles and L des cadavres were listen then Céline should finished with a weight o conscience. He had give and comfort to those wanted to commit atrocitie finally were able to. Thomas's third point is more serious and interest is that Céline is over above the arguments, a writer. As a critic, a Thomas makes his view without any disguise ur fiction. "One of the very few and original writers in century France," writes Céline. "Stay out of it all the rest—ste by creative artists, whose can change your view. I am increasing scious that for me life too short to warrant reading of say, Du Romains, Girandour, M Bernanos, Sartre, Anoi Robbe-Grillet." But Thomas will conti read Céline. "My own feeling is alw exact opposite. I shall read Céline again, excep the last volume, o about which Thomas is most persuasive. I wo rather read the whole of Roger Martin du Gard's thing of Céline. I would read selected volumes e Romains, provided I selected them myself. This is, of course, a fference of taste, or of reader looks for Thom to read, not exclusive largely for verbal innu that has always been a concern for the novelist most illumination from not emanated by Célin plots "in that direction. I am slightly put off. It of the comparable cases we have evidence such as his are too often like a clinical symptom. It would be sug though, not to recogni sparkle and depth of the chapter in Thomas's which, deals with language. It is a dazling of verbal analysis. English readers will pr did, that they knew Fr intimately as Thomas. They have seen the sub the exploitation, they wish bably finish by wishi they knew English a mately also.

Fiction

Coming out in mighty fizzy style

BY ISABEL QUIGLY

Dancer from the Dance by Andrew Holleran, Jonathan Cape, £4.95, 250 pages

Our England is a Garden by J. I. M. Stewart, Gollancz, £4.95, 201 pages

Arkin, or Life in Venice by Jonathan Mantle, Harvester Press, £4.50, 108 pages

Sleeps Six, and other stories by Frederic Raphael, Jonathan Cape, £3.95, 127 pages

Two gifted first novels about homosexuals: two books of short stories about the English bourgeoisie: occasionally, though not often, my column falls into neat categories like these. Andrew Holleran's Dancer from the Dance, with its epigraph from Yeats ("O chestnut tree, great rooted blossom, are you the leaf, the blossom or the bole?"), is an extremely high-spirited account of "gay" goings-on in New York, in which questions about reality and art are implicit in questions about gender, sex and identity. Who's who, what's what, in life, in art? It is a novel within a novel, and its characters are characters within characters, changing gender on the way as they change clothes, wigs, drugs and lovers.

cludes all—a set of wild party-goers whose orgiastic life sounds straight out of Petronius Arbiter, seeking nothing but sexual encounters, a mixture of romanticism and lust and yearning of grossness and eberality of melancholy and hope and everlastingly intricate jokes, of loyalty and doggedness and friendship mixed with hopeless inconstancy: all this against a background of amazingly described New York and summer resorts filled with parties and all-night dancing. Leader of the revels is the ageing Sutherland, full of astonishing disguises and patter, the sort of thing Anthony Blanche might have grown into thirty-odd liberated years later; and with him the beautiful Malooe, beloved by everyone, almost saintly, furiously emmeshed in a life totally devoted to sex (the narrator calls it love, and who is to say which is what?), and involved, as committed homosexuals seem to be, with all-questioning on the widest scale (what and who am I? Not to mention why and what for?). This is a book of more than talent, intensely sad atmosphere and fizzy, about a great deal, to jokey disguise; with enormous ambition, in an unpretentious, acceptable form; a novel that manages, as few do, to suggest ecstasy, physical exhilaration, the glory and the wretchedness of obsession, the beauty of urban landscapes, fulfilment, despair, annihilation, hell.

phobically in a palazzo that houses a collection seldom seen by outsiders. One is the one-time lover of the collection's owner, another stray washed up there, at 18, by a footloose existence and divorcing parents. Third is J.J., rich and American, collector, fixer, owner. Briefly they interact, against the background of Venetian smells and reflections, of subterranean secrets and (one guesses) obscure references. What seems particularly valuable is the book's economy, impressively unlike the crammed excessiveness of so much young writing. Pared-down paragraphs give a sort of sketchy action, bard to follow at times and psychologically inadequate. But something remains in the mind of Michael's brief story with Arkin and J.J., and of the Venice each one of them sees; a sense of disquiet, of odd, chopped images put strangely together.

J. I. M. Stewart writes about English upper middle class life (more or less, and endlessly subsectioned) in his four stories entitled, after the longest, Our England is a Garden. This longest, a novella in form and size, is about a country house and way of life taken over from its owners by the cook's son, who rises to millionairedom. The other stories deal with people and milieus fairly varied within a recognisable social band: courtymen of independent means, academics, people who have risen or dropped, always within the limits of that band. Throughout them, social rather than other points are made, comparisons, asides, remarks all based on that tirelessly pursued preoccupation of the English class: the details, microscopically examined, of speech, custom, artefact, attitude and atmosphere, the recognition of this or that usage, difference, distinction. It all seems (unless handled by a Proust) a little trivial, even slightly arch and embarrassing, but the stories are well told, bland and readable.

Handable, too, are Frederic Raphael's two shorter stories named after one of their number, Sleeps Six. Here, too, there is emphasis on social usage, change, mobility, the exterior of things, the artefacts of bourgeois life; but the way of life is very different, the people are urban and slick, the talking is smooth rather than bland, a case of sharp dressing rather than good tailoring, and a tone of sleek vulgarity prevails, well reflected in a sort of relentless banter in the narrative. These are mainstream stories, often with a sting in the tail, a tiny cynical surprise at the end, wry smile, raised eyebrow. As in The Glistening Prize, there is plenty of glitter, a unrelenting treatment of tinsel lives; but how far this is deliberate, a conscious reflection, is hard to tell.



J. I. M. Stewart: country house people

Bike ride

BY JOHN DUNSTAN

Jupiter's Travels by Ted Simon, Hamish Hamilton, £7.95, 388 pages

Ernest Giles, Explorer and Traveller, 1835-97, by Roy Erickson, Heinemann, £9.50, 307 pages

A funny thing happened to Ted Simon on his four-year motorcycle trip round the world. At a Rajput wedding a seat fell from the ceiling and landed on his head. "You are Jupiter" (meaning "You come under the influence of the planet Jupiter"). Slowly, the seed begins to sprout in Ted's brain. What if I am a god? Maybe I AM Jupiter! ("That was how the notion of being a god came to me.")

When the Nazis were losing the war, Céline judged it prudent to get out of France. He travelled with many adventures recorded in phantasmagoric form in his last three books, through Germany to Denmark. He was imprisoned for a while, and in the 1950s was allowed to return to his medical practice in Meudon, as it were deliberately forgotten by literary France. He died in 1961 and Thomas tells us that his fame, once considerable, is now being resurrected.

This has to be a joke. But for the intrepid motorcyclist, it becomes a symbol. Being along sponsored by the Sunday Times, his vision, he avers, has indeed become godlike. That stored over there — doesn't it seem to those under it that the universe is engulfed? But lo! Elsewhere, even as from Olympus, Ted sees that the sun also rises. Into drab lives across the world he thunders, a thing of wonder, bringing glamour, awe, astonishment, leaving hearts and minds transformed in his wake. Was God an astronaut or a motorcyclist?

This is not to deny the dangers, the hardships, the achievement, of riding round the world in 1,220 days. He struggles to find meaning and significance in his venture — meets, from his Jungian collective unconscious, a figure "definitely male." Mr. Simon is as puzzled as we are. And all this for us to read! I found it embarrassing.

Dude President of United States

BY GEORGE MALCOLM THOMSON

The Rise of Theodore Roosevelt by Edmund Morris, Collins, £8.50, 886 pages

The story begins with a description of the scenes at the White House on the first day of January, 1907, the day on which the President shook 810 hands. An exaggeration? Maybe. But it is certain that the President would have told somebody to count the handshakes on that famous day. Theodore Roosevelt was a New York aristocrat with the right amount of old Dutch blood in his veins, so blue that even the great Mrs. Astor would graciously acknowledge the salute of his whip as he drove past her on Park Avenue. But an aristocrat who, for all his languid accent, high-pitched voice, Fitch and Abercrombie clothes and the outward trappings of the "dude," could mix it with the most raucous politician in the art of public relations.

In telling, in this big fat book, the first half of the story of Roosevelt's life, Edmund Morris has a theme to excite the most lethargic of writers and he has responded to it with appropriate verve. Here, then, is the rise to fame and, in the last pages, to power, of a young American politician who personified his nation in its most confident, assertive, not to say, brash of epochs. Here is a dramatic story, a canvas crowded with picturesque figures—Hell-raising Bill Jones, Dead-shot Jim Simpson and Fighting Joe Wheeler, the last a general who had fought with the Confederates—intensely characteristic, violently "American," with a salty turn of phrase and a sublime assurance that the earth was theirs by right and soon would be theirs in fact.

he and some other jingoes (Hearst, for example) had cooked up. The future would be more peaceful for the man who, at 42, had become the most famous American. He was on his way to the White House. As for Cuba, the Americans were driven out eventually by the same enemy that defeated Drake at Puerto Bello, 304 years earlier. The mosquito. But by that time Roosevelt was back in New York. What a strange mixture of the crude and the sensitive he was! Crude in his ideas, which were those of White, especially Anglo-Saxon, supremacy; sensitive and reasonable in relations. Emotional. When his first wife died tragically, he wrote in his diary, "The light has gone out of my life." Puritan; he was deeply shocked when it turned out that his much-loved brother, Elliot, was not only drinking himself to death but had a succession of mistresses, and worst of all had an illegitimate child by a domestic servant. He had little business sense; his scheme for raising cattle in the Bad Lands of Dakota came to nothing. But when the need arose, he could sit down to pour out books and articles to keep his growing family in comfort. His memory could be compared with Macaulay's. His power of veneration was remarkable even for that time. As for his personality, here is the tribute of an expert: "You shake hands with Roosevelt and there go home to wash the personality out of your clothes." It was derived from an enormous exuberance wedded to a rough-cast but formidable intellect. "I have never known such a man," said William Allen White, who was not easily moved to enthusiasm.

meets, from his Jungian collective unconscious, a figure "definitely male." Mr. Simon is as puzzled as we are. And all this for us to read! I found it embarrassing. So, Mr. Simon, let's forget the voyage of self-discovery, the Zen and the art of motorcycle maintenance—we are treated to pages of repairs at a time—and get down to the material of wide appeal—the ordinary human being doing the old beat trek won't get through your local travel agent. In Palermo, he pulls up in a street "full of freaks, dwarfs, giants, fat men, rubber men, thieves, sweeps, pimps, touts." Now you're talking, Mr. Simon. This is my way around the world—otherwise, how does one know how the world really lives? As a connoisseur of slums, I shall definitely look up the Via Torremuzza when next in Palermo.

Mr. Simon's regret is anyone else's. Despite a four-year journey, London to London, he has only skimmed the surface of the earth. But as a man forced back on his own resources, down to owning little else except his own skin, he learns a great lesson — to identify with the bulk of the world's population. As a Marco Polo with real traveller's tales, he is more interesting than as a "mythmaker" making his private confessions in public. A century ago, the Western interior of Australia, 1m square miles of red sand and gravel plains, was almost unknown to European man. This "ghastly blank of hideous scrub and howling wilderness" defeated all who entered it. The fate of the dreamer Leichardt, and Burke and Wills—disappearance and death by thirst—stood as awful testimony to the futility of even trying. But between 1872 and '76, Ernest Giles led five expeditions into the Western Interior, during which he discovered more land than any other explorer of the continent. Ray Erskien has travelled, by Land Rover, through most of the desert of Giles' expeditions. In his analysis, Giles emerges as unique among Australian explorers—one who found the daily grind of penetrating some of the world's most inhospitable expanses a positive pleasure.

Swedish aces

BY BRIAN A

The Viking Drivers by Fredrik Pettersen, William Kimber, £4.95, 288 pages

When Gunnar Nilsson heard that fellow-racing driver Ronnie Peterson had not survived a horrifying crash at Monza he said: "Ronnie died the only right way." It was a touching comment for Gunnar was dying, himself, of cancer. Just over a month later Gunnar was dead, but in that time he had shown more courage than any driver is ever called to have during a race. He had refused painkillers so that he could persuade the motor racing fraternity to support the Gunnar Nilsson Cancer Treat-

ment Fund. He even radio interview a couple before he died. The Fund will be a memorial for a driver only had time to show his tal and win just one Prix before his death: at Ronnie Peterson's, as is in the minds of each who will remember him, uncompetitive cars around tracks. He was regard many experts as the driver best to become champion. Fredrik Pettersen, tra careers of the two Swed describes their disappoint and successes. A book their many admirers, w fascinating. In spite of ti sional fractured English

MIKE BREARLEY will be signing copies of his new book THE ASHES RETAINED At CITY BOOKSELLERS, 43 Leadenhall Market, London EC1 from 12.30 to 1.30pm on MONDAY, JULY 23rd £5.95 Hodder & Stoughton

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Roosevelt was sure that, whatever benefit his role in the war would be well reported. It was the Battle of San Juan Heights may not be the most significant event in military history but it is one of the best known, and who emerged as the hero of that encounter but the brave man who led the American charge: "The dam Yankees are on the run," shouted Fighting Joe, referring to the Spaniards. "One object at least was accomplished," wrote one journalist more coolly, "the names of several men were in the newspapers before the names of several others." Guess whose name was first! Roosevelt was quite satisfied with the day: "I would rather have dived than served three terms in the U.S. Senate." He had "Irisen the Spaziard from the New World" and had actually fought in the war which

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HOW TO SPEND IT

by Lucia van der Post

Most of us who cook day-in and day-out sometimes find ourselves longing for a few new ideas, for a fresh approach which will somehow rekindle the enthusiasm for what is, after all, a daily task. Not everybody may know that most of the established cookery schools offer either one-day or very short refresher courses that do just that.

Cooks' tours

HAVING ALWAYS believed that anyone with flair could learn to cook well from books, I was shaken recently when I visited several cookery schools and discovered techniques and tips that I wish someone had told me about years ago.

All the schools run full-time courses, but they also provide lessons for the hostess who wants to widen her repertoire, the trained but rusty cook, the gifted amateur or the plain housewife. They concentrate on attractive food that is pleasing to give the family or eat at a dinner party; even beginners can cook desirable dishes like smoked haddock and meringue cake.

The method of teaching is roughly the same at all the schools. The teacher goes through the printed recipe to be used, explaining the whys and wherefores, drawing attention to tricky points and telling how to avoid pitfalls. Then you take possession of your table and ingredients and judge it—but not untasted. The teacher is at hand to demonstrate those things you've never fathomed: how to fillet a fish so that you eat more than you throw away, exactly when to snatch a coating slice off the heat before it curdles, how to cook pancakes so thin and lacy you can read your love-letters through them.

Winkfield Place, Winkfield, Windsor, Berks. Tel. Winkfield RV2031. I started off gently with vicarious cooking—demonstrations at Winkfield Place, near Windsor, the residential home of the Gordon Bleu school, a mixture of country house and boarding-school. Their one-day courses take place in a new extension: you can have coffee while you collect your recipes, and then settle down to the show.

aply named Miss Anne Grubb as demonstrator. It was quite a performance. She never stopped cooking or talking during the two two-hour sessions while she prepared three main dishes, three substantial salads and a gâteau—an organisational miracle. You get a three-course lunch and lucky-number holders choose a dish from the demonstration to take home with them: £7.80 including coffee, lunch and tea all in.

They admitted that disasters could happen even to experts. They know how to put them right, though, and also have vast resources of know-how that doesn't usually crop up in books: egg-whites make more bulk whipped with a balloon whisk in a copper bowl; keep your mouth open while chopping onions and you won't cry. The schools I went to all met different needs, and their students were devoted to their methods: housewives, girls waiting to go to university, secretaries and bachelors fed up with opening tins, engaged couples, a restaurant owner, wedding caterers, directors' lunch cooks. The menus change from term to term, so you can repeat a course or go up a grade as you wish.

London Gordon Bleu School, 114 Marylebone Lane, London W1; tel. 01-953 3503.

but genuinely interesting hoops. There are one-week courses and a new one-day-a-week bostess one. I went to an afternoon advanced class in a galley-like kitchen, well lit and equipped with heaven-sent stools for aching legs. It housed four students to one teacher, Miss Moffat. Half the class had chosen to prepare a carré d'agneau printanier with an orange and redcurrant sauce and a barley pilaff, the other a gâteau suisse au citron.

Thursday's during term time and cover cooking, or cooking and flower decoration, or (in November), Christmas decorations and cooking. Four-day practical courses (Monday 4 pm to Friday 5 pm) are held in April and August and there are vacancies on the courses beginning on July 30, August 10 and August 13. You can take your non-cooking spouse along too and he/she can play golf or swim while you work. The courses cost £62.80 (non-residential) to £95.85 (single room; £90 shared).

Leith's School of Food and Wine, 36a Netting Hill Gate, London W11; tel. 01-229 0177.

we made a savoury pancake pie with a sour-cream sauce, and a chocolate roulade. If the students turn out slower or more efficient than foreseen, the menus are changed accordingly. The ambience is young, bright and friendly, on a first-name basis, the kitchen large, the pace fast (though a slow worker gets lots of attention). It's very concentrated—there's no time to sit down for a breather, and you sometimes work elbow to elbow at the cookers. There are two teachers

to 16 pupils, and they skip about nimbly giving help. There are one-week intensive courses—very serious; you cook all afternoon as well as in the morning (about £98.70 including food). And if you can stand it there are four-week intensive courses too: £319. You can also go to the full-time school's afternoon demonstrations given by staff and guests. Ring up and see what's on—you might draw Quentin Crewe, or Katie Stewart. About £2.70 a time.

If you're not free to cook during the day and would anyway like a somewhat more informal approach, try Leith's School of Food and Wine. There are five- and 10-lesson courses in the evenings, so if you don't mind eating late you can opt on what you cook. Classes cost £38.25 for five lessons and £93 for 10. Everyone cooks the same item. At the beginners' course

Mrs. Elizabeth Pomeroy, 51, Horton Street, London, W8; tel. 01-837 4297.

If you'd like something more cosy and intimate there's Mrs. Elizabeth Pomeroy's school. The motherly and mischievous Mrs. Pom takes only 10 pupils and they're taught in her own hushed preparation-kitchen. On two mornings a week there's a 12-lesson advanced/refresher course geared to what's known as haute couture food: greedy dishes which look as good as they taste, usually only one in a morning so that the cooks can concentrate on it. There are no short sessions

far beginners. They have to join the three-days-a-week course, but that's giving away briefly in the autumn to all-practical two- and four-week courses on continental cookery for the freezer as well as cake-making and decorating classes. There are waiting lists for the courses beginning in January and May but vacancies for September. The advanced course costs about £87.21 (food extra, quantities for two to four); the cake course £73.14 for 12 lessons, only one in a morning so that the comprehensive course will cost £39.02.

Tante Marie School of Cookery, Woodham House, Carlton Road, Woking, Surrey. Telephone Woking 40580.

There were nine items on the cold buffet menu, including an oriental fish salad and a winter salad that were particularly toothsome and pretty. Planning, quantities and timing were discussed beforehand by the principal, Mrs. Majorowicz, and everyone prepared two dishes: fast going, but there was just time to see filleting methods on someone's trout along with the proper consistencies for macaroons and yeast dough, and if you missed them you got them done all over again just for you. Widespread admiration when we ate the results.

The week's entertaining course costs about £100 (proportionately less for a shorter time); the gourmet course £127.78 (all that wine and pricey ingredients); and "Cook with confidence" a new course for the 18-plus, has vacancies for the week beginning July 30 (£58.57). The school term demonstrations are open to the public: tickets £1.44, or £1.60 for four. There are group demonstrations for club outings; the food is raffish, and you get tea as well.

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Beach buys

FIVE FLAVOR LIFE SAVERS

THE beach mat that folds into a handy package for carrying is a standard piece of holiday equipment, yet if you actually want to buy one it isn't always easy to know exactly where to find them. This year all main branches of Sainsbury's handbags abeps are selling them for £2.99. I find them an invaluable aid for happier beach life—they provide refuge from the sand and some barrier between soft feet and hard stones and on a recent holiday where a Yoga guru held daily classes it also made a very useful Yoga mat. The mat is quite large enough for even the largest man to lie out on; it measures 35½ by 67 in when flat. It then folds first into three and then rolls up to form a neat little handbag shape measuring 11½ by 5 in and you could carry a few small things like paperbacks and suntan lotion in the loose pocket.

An attractive summer carry-all is this life-saver shoulderbag. It comes in the

authentic life-saver package colouring, with a life-like little tab, just like the one on the sweet pack. However, it is quite capacious and could carry all those things

one needs either for the journey itself or for the beach. It is 13½ in long by roughly 7 in high and costs £7.25 from all main branches of Dorothy Perkins.

Drawing by Jan Wheeler



Spinning a fine yarn

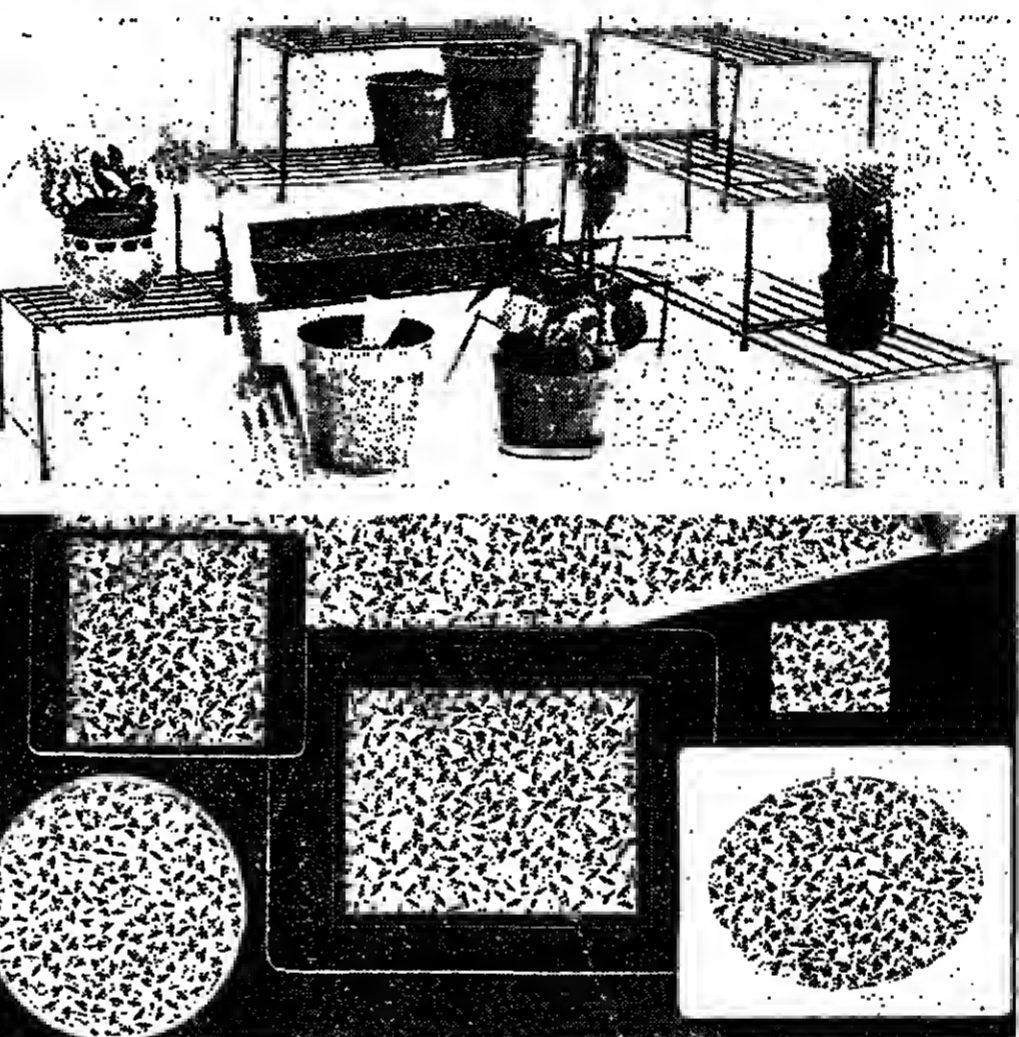
GIVEN the vagaries of the British high summer, it isn't all that contrary to be showing knitwear in the middle of the so-called hot season. Myself, I wouldn't go away for so much as a day without some knitwear ready to hand and given that one wants to look as fresh and cheerful as possible the knitwear designers have come up

with a whole new look in knitted garments that is so pretty and so original that it reminds one far more of the bright and happy summer months than the grim, dark days of winter. The look in knitwear is, as you can see from the sketches, a far cry from the sleek cas-

mere and Shelland classics. It is highly original, often hand-knitted, very much designer-controlled and above all, immense fun. Patricia Roberts is the high-priestess of the new movement but there are now several others of these very talented designers around. Here we show just three of the latest

and prettiest summer cardigans and one sweater. Left to right: A Patricia Roberts short-sleeved cardigan with a bright green or yellow background with contrasting coloured bunches of grapes. Wear it with a home-made necklace made from glass grapes as we showed on the page some

weeks ago. The cardigan is hand-knitted from specially dyed fibres. In a mixture of 75 per cent cotton, 25 per cent rayon, it is £79.00. A good selection of all Patricia Roberts designs can be seen at her own shops at 60, Kinnerton Street, London SW1 and 1B Kensington Church Walk, London W8. Because all designs are hand-knitted there are not large numbers of any one style but they are always happy to knit to order.



Mats to match

NOW that there's such a craze for totally co-ordinated rooms and more and more people want their house to look less and less mass-produced, a new service catering to this feeling has recently been started which offers customers table-mats made from their own wallpaper.

A new company called Intrend is currently offering this service through Heals of 196, Tottenham Court Road, London, W1. There is not only a fairly wide selection of designs (as you

can see from the photograph there are round or rectangular mats, and differently-coloured and shaped borders) but Heals will be offering a wide selection of papers in the store from which customers may choose. If, however, customers prefer to bring along their own paper, which exactly matches or tones with their dining-room papers, then they are free to do so.

Well-stacked

MAKING the most of space is always a tricky problem but Celebrity have just produced a series of interlocking and stacking shelves which enable the greenhouse owner to make the most efficient use of the precious space within the heated area. The shelves are made of plastic-coated heavy duty steel and come in three different sizes that can be built up in different combinations, depending upon the requirements. Since they are plastic, the shelves can easily be cleaned and they aren't affected by the moist atmosphere found in greenhouses. The three sizes are 14½ in by 8½ in (£2.35), 18 in by 8½ in (£2.50) and 27 in by 8½ in (£3.06). They are sold through most garden departments and hardware stores throughout the country but if in difficulty contact Celebrity Housewares, 4-6, Barton Road, Bletchley, Milton Keynes.

Tomlinson and Tomlinson of 8, Horton Street, London W8 is a new shop which specialises in designer knitwear from about 30 different designers from all over England. In red, gold, or natural, made from 100 per cent cotton this particular cardigan has charming mock mother of pearl buttons and padded shoulders. £35.25 in small and medium sizes. Another Patricia Roberts design—a gaily coloured fuchsia, pink "rainy day" sweater with a pink palm-tree, raindrops and a rainbow. £85 from Patricia Roberts' two shops. A hand-knitted cardigan with brightly coloured wooden beads knitted into the yarn. Made from 100 per cent cotton, it comes in red, blue, black, yellow or white and there is a matching short-sleeved sweater. Made by Artwork in small, medium or large sizes it is £53.40. Find it at "Whistles," 111, Walton Street, London SW3 or 81, George Street, London W1.

Boxing clever



RYMANS revolutionised the home office world by the simple expedient of painting their standard office filing cabinets attractive colours like white, bright red, yellow and so on. Such a simple idea, but how long it took somebody to think of it. Since then most of us have had no trouble finding some filing system that fits in with our own home decor, the only remaining difficulty being that they are very expensive.

Sometimes we need relatively inexpensive filing, for files that are only used occasionally or for children's files or cookery recipes. Bankers Box have produced a very inexpensive two-drawer "Economy File." The box is made from tough corrugated fibreboard reinforced with a steel hoop and it arrives flat ready to be folded into shape. The internal drawer sizes are 13 in by 10½ in by 15½ in long so the units will take A4 papers one way and foolscap the other. Each of the drawers has brightly-coloured fronts. The price of the unit is £8.50 (including p+p) and it is available by mail order only from Bankers Box, Kirk Sandall, Doncaster, Yorks.

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COLLECTING/GOLF

Decorator of panache

BY JUNE FIELD

THE RICH CLIENT wants to own furniture which he can be sure he will not find in the homes of those less rich than himself. This was the motto of Emile Jacques Ruhlmann (1875-1933), French decorator of considerable panache from around 1919 to the early 1930s.

In Paris, and with René Cauchy, the Yardley showroom in London. Yet until a decade or so ago, Ruhlmann's name was almost unknown. In a retrospective homage to him, artist/designer Martin Battersby wrote in the International design magazine Architectural Digest last year: "His furniture, most described by the critic Raymond Eschollier in 1923 as the greatest masterpieces of twentieth-century cabinet-making, was virtually unobtainable."

being in the 1910 Solon d'Automne, and after the war he took over his father's house-painting firm, expanding it into a maison de décoration, with his partner Laurent. On Ruhlmann's death his nephew, architect Alfred Porteneuve took over the business, changing the name to that of his uncle's request.

Adding a new dimension to the study of this influential décor and modernist designer is the stylish display the "Ruhlmann Centenary Exhibition" at the Foulkes Lewis Collection at their gallery (formerly the Decorative Interiors Gallery) 274 Fulham Road, London, SW10, open 11-7 Monday to Friday until September 7.

I first saw some of the handsome, impressive exhibits, supremely elegant, although not necessarily pretty, on Raymond Foulkes and Jenny Lewis's stand at the Decorative Arts Fair at the Camden Arts Centre in April, and I thought then what a tour-de-force the richly decorated pieces made. Now some 45 items, in two room settings, against a simple background of tobacco-grey coloured walls look even more striking.

There is a scholarly catalogue of the exhibition, by Raymond Foulkes and C. J. Lewis, with Deldre O'Day as research consultant. Produced in re-bound folio form, with loose plates, as Ruhlmann's sketches were in 1924, it is in a limited edition of 300. For a copy send £25 plus £1 postage to Raymond Foulkes, Foulkes Lewis Collection, 274 Fulham Road, London SW10. For further reading you need Martin Battersby's The Decorative Arts, and The Decorative Arts, 1969 and 1971 respectively, Bevis Hillier's The World of Art Deco, 1971 (all Studio Vista) and Alain Lesieur's The Spirit and Splendour of Art Deco (Paddington Press, 1974).

Items in the exhibition are for sale in the range £700-£7,000. At the Paris Hotel Drouot auction rooms recently a bed and commode sold for £30,000, while at Christie's New York, a small mirror fetched \$800. Various pieces come up in Sotheby's Monaco Art Decorotiis Styca 1900 et 1925 sales—a red lacquered bed was in their June 23 sales; other major dealer-collectors are Gallery 25, 4, Halkin Arcade, SW1, Martins Forest, 5, Halkin Arcade, Lewis M. Kaplan Associates, 50, Fulham Road, SW3, and L'Odéon, 56, Fulham High Street, SW6, all of whom have contributed to the exhibition.

Architectural profession really shouldn't be quite so embracing. Each of the 62 exhibitors was offered a panel to fill with photographs and a few words that describe the nature of their work. Some of them have provided models that the public usually prefer as they tell the story of a building in an immediately comprehensible way. How sad it is that Jim Stirling, who is without any doubt one of the best modern architects in the world, should think that it is sufficient to submit two elderly models of long-built schemes.

Too big a build-up

able to see the work of 62 members of the Association of Consultant Architects—a pressure group for the promotion of the private architect—in effect a trade show held under the kindly but not very material umbrella of the Royal Academy of Arts. A glance round this exhibition reveals no trace of anyone exercising any powers of selection or discrimination at all.

The title of the exhibition is oddly misleading one. First of all, no one would call the National Theatre or the Economist Building everyday in any way. These are not the kind of commissions that come the way of all architects and devalues them to see them displayed alongside some of the most mediocre work to come off the architects' drawing boards.

As the exhibition has not applied any editorial standards to its selection it may be helpful to have a quick guide to the best things to see. Arup Associates' new brewery for Trumans in Spitalfields is of considerable interest. Norman Foster's Sainsbury Centre for the Visual Arts at the University of East Anglia is one of the most spectacular new buildings in the country and his photographs are well chosen and excitingly displayed.

tion of material, much of it old and familiar, and trick it out with package case stencilling is not enough. The public are in no mood for more of this sort of exhibition of professional in-talk—what they would like to see are carefully selected examples of the very best architecture that the profession can offer. The small exhibitions that have been held at The Museum of Modern Art in New York are models of their kind. They have first rate photographs and a confidence about them that is totally lacking from this display which only conveys a general level of dreary competence with a very few outstanding peaks of real achievement.

After this, the proceedings were almost uneventful and until suddenly the accurately forecast rains, forecast for the late afternoon and early evening, became a fact of life.

As the water pelted down, it became obvious that the bespectacled Irwin, who hates to wear headgear, would be the most disconcerted, and that Ballesteros who used to go out to play in the rain with purloined clubs when the members came in as the rain lashed in from the Bay of Biscay on the golf course when the young

Lee Trevino totally ruined an upward half of 23 that brought him right into contention with a disastrous inward run of 41

Your Week-end: Australia 28.85, Belgium 34.00, France 9.90, Italy 182.00, Greece 78.00, Spain 147.00, Switzerland 3.75, U.S. 2.27. Source: Thomas Cook.

ARCHITECTURE

COLIN AMERY

The Royal Academy in its hospitable and rather indiscriminating has been playing host to an exhibition that aims to convince the public that architects are a good thing and that you need one almost every day. Until today we have been

architectural profession really shouldn't be quite so embracing. Each of the 62 exhibitors was offered a panel to fill with photographs and a few words that describe the nature of their work. Some of them have provided models that the public usually prefer as they tell the story of a building in an immediately comprehensible way.

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Saturday July 21 1979

An uneasy balance

ACCORDING to all the official forecasts, the economic outlook is only too clear. The world is heading for a fairly deep and obstinate recession. The OECD, the British and American governments are talking recession in so many words; nowhere is there much sign of buoyancy. Not only is the prospect clear, but governments everywhere seem reluctant to do anything to offset it. German and now U.S. interest rates have followed British rates upwards, though less dramatically. The world as a whole seems to share the British predilection for a squeeze against inflation as the first priority.

Attractive

The prospect in the UK is all appearance even clearer than in the world at large. The Government is firmly committed to a rate of monetary growth well below the expected rate of inflation, and is energetically trying to cut expenditure. As part of this exercise, it has imposed the world's highest interest rates on what is at the moment the world's strongest currency—a policy which has been so attractive to foreign capital that the currency has been rising by 1 per cent a week for some time, though the large portfolio investment does seem to have imposed a pause. This implies a ferocious squeeze on the competitive position of British industry, a problem increasingly reflected in Parliamentary discussions; yet with the Presidency of Mr. Carter still in crisis, and unshaken policies in London, the trend seems likely to go on.

In these circumstances, one might expect to see a dramatic swing in sentiment in the financial markets. A strong currency should be the best possible news for Government stocks, and the outlook of recession and tight margins should depress equity markets. Yet this is not happening. Something more than summer lassitude is needed to explain this apparent unresponsiveness.

Frustrated

The fact is that investors, and indeed ordinary citizens, are not yet convinced by official plans or official warnings. Official plans may be frustrated; observers are likely to wait for some convincing figures before they are convinced that actual cuts in spending will match the Government's efforts. Meanwhile, the official deficit has called for a record £1.5bn stock issue. Equally, economists can defy conventional forecasts, as the U.S. economy has done for more than two years.

Economic forecasters have to assume that businessmen and

consumers behave in a consistent and predictable way—that they will spend a fairly consistent proportion of their personal income, and lay their business investment plans in a way which is consistent with the economic forecast. The big surprises arise when these patterns change. In 1974 government efforts in many countries to prevent a recession were frustrated when consumers almost everywhere responded to inflation and uncertainty by spending less and saving more. U.S. consumers soon reversed this pattern, however, and recently forecasts of recession in the U.S. have had to be postponed again and again as U.S. consumers spent and borrowed freely, and industry responded to their demand with higher investment spending.

Borrowing

There is now a suspicion abroad that the same thing may be happening in this country—effectively a fight from money in the face of the second wave of oil-led price inflation. The very sharp rise in retail spending in the early months of this year, and the strong persistence of heavy borrowing from the banks seem to lend some colour to this view. Indeed, current interest rates may not look too forbidding in comparison with the Government's own forecast of price inflation. On this view, the Government's efforts to restore stable money can be frustrated if ordinary citizens remain unconvinced. The markets, meanwhile, differ, gifts may be unattractive if inflation is out of hand, or if still higher interest rates are required to check it. Equities have some underpinning in real values even if the profits outlook is poor.

Determined

Although recent figures do lend this view a certain plausibility, the official view almost certainly remains a more reliable guide to the future. The high level of retail spending can be explained quite easily by temporary causes—a short-lived rise in real incomes while wages ran ahead of prices, and a determination to buy ahead of a well-publicised rise in consumer taxes. The future looks very different. Prices, and especially energy prices, are now squeezing real incomes. A tight monetary policy and its consequence, a high exchange rate, remain powerful instruments, whose effects will surely be apparent before long in profit margins, sales prospects and indeed wage bargaining. The Government remains determined to squeeze inflation out of the economy even if this involves a recession, and its policies still look pretty effective, given time.

Sir Keith is shown as a pragmatist and a skilful politician as well as a theoretician. While he has shed none of his basic beliefs, he has realised that it would

be wrong to abandon Government support for the country's worst-off regions and its most hard-pressed industries... after years of industrial decline.

The trimming of Tory industrial aid policies

BY JOHN ELLIOTT, Industrial Editor

THE QUESTION that was constantly asked when Sir Keith Joseph was appointed Secretary of State for Industry after the general election was how he would be able to square his firm ideological beliefs about private enterprise and the market economy with the industrial problems of British and the existence of considerable Government intervention in industry.

During the past few days, the initial answer to this question has been appearing with Sir Keith's policy statements on regional aid and the National Enterprise Board. Next week more will emerge on shipbuilding and aircraft aid. May he, on splitting the Post Office into two corporations. What all these announcements show is that Sir Keith is a pragmatist and a skilful politician as well as a theoretician. While he has shed none of his basic beliefs, he has realised that it would be wrong to abandon Government support for the country's worst-off regions, its most hard-pressed older industries, and its technological hopes for the future—especially at a time of economic recession and after years of industrial decline.

Thus regional aid is being cut, but over such a long transitional period that it is fair to question whether the full £233m cuts announced this week from the £609m annual regional budget will ever be achieved. The aid is also being concentrated on areas of greatest need and the Secretaries of State for Scotland and Wales successfully argued in Cabinet discussions for the impact on their regions to be reduced, partly through the long transitional period to 1982. (It should also be noted that Labour Ministers were just beginning to study ways of changing the regional aid map before the general election.)

Lame ducks for NEB

Selective industrial aid is also being maintained, albeit on stricter criteria, to attract major inward investment projects into the UK and to encourage British companies to expand their investment plans. Subject to a tussle now taking place between Sir Keith, his civil servants, and the Prime Minister, selective aid may also continue for micro-electronics projects. Other aid

schemes for individual sectors of the economy will run their course and new ones for fibre optics, fishing and energy conservation will be considered by Ministers. The NEB is also being kept in being, not only to look after the well-known lame ducks like B.L. Rolls-Royce and Alfred Herbert, but also to encourage high technology developments and the development of small and medium sized firms, especially in the northern regions.

In shipbuilding, the cuts are likely to be far less savage than had been expected and widespread closures in the country's worst hit areas are unlikely, even though there will be some rationalisations.

Whitehall surprise

On aerospace, there seems little chance of wholesale de-nationalisation of the UK's aircraft building factories, and Ministers have accepted it would be illogical to split up the industry and sell off individual parcels. So the most likely route here, following yesterday's announcement about British Airways, is attempts to adopt a "BP style solution" with private equity being taken into British Aerospace alongside State funds.

It is no secret that while Sir Keith and his fellow Industry Ministers may feel intellectually and politically at home with all this trimming of their basic beliefs, Mrs. Thatcher is far less content and has made her views felt. The way in which she has exercised her Prime Ministerial prerogative to intervene and send back to her Ministers ideas that she does not like took some people in Whitehall by surprise to begin with; but now the fact of her existence and the likelihood of her disapproval has become part of the daily civil service life.

Most recently she has told Sir Keith that she does not like the idea of going ahead in full with £125m aid schemes for micro-electronics. Earlier this week she ordered him to change his arrangements for announcing his regional policy so as to give the Commons an immediate chance to react. What is less well known is that she also opposed giving up to £3m aid to Rio Tinto-Zinc for the Wheel Jane tin mine rescue in Cornwall, arguing that it would be difficult if not impossible for the

Government to change things in the way it wanted if it started off by handing out millions of pounds to a rich multinational like RTZ. In the event, RTZ took the hint and responded within a day or two of the Budget by saying it would do more work on the mine rescue with or without aid.

The RTZ response which many people in Whitehall believe to have been genuinely spontaneous rather than rigged (Lord Carrington, the Foreign Secretary, has been a director of RTZ), is but one example of how industrialists have been prepared in the past few weeks to go out of their way to back a Government that is introducing the sort of taxation and other reforms that they have been demanding for years. This has made life difficult for the companies' main spokesman, Sir John Methven of the CBI, who has had to trim because his members have been willing to give the Government the benefit of the doubt on things like the rate of VAT and regional aid cuts. He is in fact learning that, when there is a Conservative Government, his members do not have the single-minded high propaganda profile that they demand when Labour is in power.

The CBI's influence on events such as changes in regional policy and the NEB can in any case be over-estimated. The fact that many CBI demands are included in a new Government policy is often mainly the result of an affinity of view between industrialists and politicians—even though company chairmen, especially those with factories in the worst-off areas, can be heard expressing fear of the harsh new Conservative world might develop. Such industrialists like the comforting protection of State industrial aid, even over a NEB presence, in spite of the fact that the Conservatives are doing the things they instinctively believe in.

The policies that are emerging from Sir Keith are thus a mixture of basic beliefs tempered by first-hand knowledge gained on a regional tour he has conducted during the past few weeks and by detailed arguments submitted by his civil servants and by bodies like the CBI. On his regional tours to Scotland, the North West and North East (a trip to Wales was postponed because of the Post Office troubles) Sir Keith met a wide range of local leaders and wrong views from



Sir Keith Joseph: regional tours

Sir Leslie Murphy: a row avoided

them in a series of intensive questioning sessions that often broke through their formally prepared presentations. It gave those he met no reason to believe that instant Government help was on its way to cure their troubles, and dwell instead on the need to revive entrepreneurial flair and drive, and to cut public spending.

"I have found a fairly widespread assumption in the country that jobs come from the Government—yet in precisely the same areas I've met impressive examples of successful entrepreneurs," said Sir Keith as he returned from the tour (which he is to resume during the long Parliamentary summer recess). Yet his overall reaction was one of disappointment that entrepreneurial verve was not more widespread.

He discovered during these trips—and his fellow Ministers reported to him from visits to other areas—that there was no question of rapidly removing the props of State aid, especially during a recession; and at a time when the Budget had not had sufficient effect on individual businessmen's attitudes. At the same time his civil servants have presented him with detailed papers about the welter of financial aid given to companies in foreign countries such as Japan, Germany, France and the U.S. which a man like Sir Keith would instinctively regard as bastions of free enterprise.

Multinational caution

In high technology fields the evidence has covered direct aid as well as the considerable sums injected into U.S. industry through America's defence budget. In Japan, Sir Keith has been told, figures gathered by the EEC show that \$550m of Government aid has been earmarked over a five-year period for micro-electronics developments.

Direct aid is also used abroad to attract what are known as "internationally mobile" firms into countries like Germany, France and Eire, and evidence of this has persuaded Sir Keith to continue, albeit on a more ad hoc and stringent basis, with the £150m selective investment scheme, started by the last Government. Ultimately Sir Keith would like to have an international agree-

ment limiting the amounts that countries offer as inducements to multinational companies. For the present, as one Whitehall official put it, "we shall try harder to be taken to cleaners a little less often by these companies—the aid will be harder to come by."

On a broader basis, the facts of life have persuaded Sir Keith and his Cabinet colleagues that speeches can be expected to make Government action must be taken to supplement the investments in small firms and high technology developments. Ministers can be expected to make speeches in the coming months exhorting financial institutions to be more adventurous; but the Government has accepted that more direct action is also needed.

This view has made it easy for the Government to accept that the NEB should have a role in linking up with the private sector to develop high technologies such as micro-computers. This has avoided a row with Sir Leslie Murphy, the NEB's chairman, and has also avoided the embarrassment of the Government trying to sell off electronics developments that have as yet shown little track record—"minnows" as Sir Keith dubbed them this week.

But there may still be a battle over how far the NEB can develop its regional work and link up with small firms in the North and North-East, in partnership with the private sector. It is expected to stimulate the development of small and medium sized firms. But Sir Keith and Sir Leslie appear to disagree at present whether the NEB can also help develop small firms in other parts of the country. At the same time the Government is also studying other methods of directly stimulating private sector investment in small firms.

Behind the NEB's work and other forms of Government intervention, the activities of the last Government's industrial strategy sector working parties is also continuing under the auspices of the National Economic Development Council. Tripartite meetings of employers, unions and civil servants still take place covering about 40 sectors of the economy, and the only difference so far is that the names of all the committees have been changed because the words "industrial strategy" have been banished from official parlance. Ultimately Sir Keith would like to have an international agree-

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Continuing role

The Conservative approach is quite different. Sir Keith and his colleagues believe in the overall economic climate encouraged by budgetary measures, that is what generates industrial activity. But much to their regret they have realised that something else is needed as well, at least in the short term. Sir Keith acknowledged this when he gave the NEB its new lease of life on Thursday and said in a statement that was scrutinised in detail by Mrs. Thatcher: "It will take some time to restore the full vitality of the private sector. In the meantime the NEB will have a continuing role."

In this context, Government intervention in industry is something that should be applied temporarily and very selectively. Thus, Sir Keith qualified the role he gave the NEB this week for looking after "lame ducks" by saying that receivership would "normally be the right course" for failed companies—a course that was followed yesterday for British Tanners' Products, an NEB associated company.

There has therefore been no basic change in the man who circulated his senior civil servants when he first arrived at the Industry Department with a list of recommended readings from free-marketeers such as J. A. Schumpeter, Adam Smith and Professor Bauer. His beliefs remain the same. What remains to be seen is whether Sir Keith in private enterprise can be justified.

Letters to the Editor

Strikers

From Professor A. Prest
 Sir—In "Unions need equality before the law" (July 12) Samuel Brittan opposes the idea of higher union support of strikes and then writes: "The best way out is to treat social security pay for strikes' families as a loan to be recovered by higher PAYE deductions on return to work." From this account some readers might think that such a policy would be simple and easy to implement. May I suggest this is not so?

One has to decide what level of benefit it is worth trying to recover. £5, £50, £100? And if one takes, say, £50 as the standard, is one content with catching the family which received one £50 payment during the year but not the one which receives two of £45?

There has to be a mechanism whereby the Department of Health and Social Security and/or the Supplementary Benefits Commission informs the appropriate tax district of the Inland Revenue how much is to be recovered and from whom (see below). Any such setup involves substantial additional manpower requirements. The Inland Revenue has to collect the refund. This involves both linking the recipient of supplementary benefit with a taxpayer—this may not be so difficult with husbands and wives living and taxed together but what about separated but financially linked couples, common law marriages, etc.—and either re-coding each individual case for PAYE or making end-year tax adjustments, with consequential further manpower demands on the Revenue.

Depending on the working of these administrative processes, the end-result could easily be a higher than normal tax bill if and when strikers return to work—not an obvious incentive to do so.

present social security and tax arrangements, it is by no means clear that the Brittan solution is the preferable one.
 A. R. Prest,
 London School of Economics and Political Science,
 Houghton Street, WC2.

Unemployment

From the Research Officer, Child Poverty Action Group.
 Sir—Professor Minford claims (July 5) that "the state has been supporting a significant segment of the population with social security benefits at levels dangerously close to, if not higher than, the wages net of tax they could get at work." But according to the Supplementary Benefits Commission, only families with four or more children who have very low earnings will find their income when out of work at all close to their earnings when they were in work and larger families form a very small proportion (4 per cent) of those on supplementary benefit.

While it is true that the gap between earnings in work and unemployment can be narrow because of earnings related supplement it is intentionally so in order to encourage job mobility and is in any case only paid during the first six months of unemployment. By April this year 46 per cent of the unemployed (1,600,000) had been unemployed for more than six months and so would no longer be receiving ERS. Unemployment benefit for a married man with a wife and two children will then be only £27.20 (plus the child benefit of £8 they receive whether in or out of work). After another six months entitlement to unemployment benefit will cease and they will be dependent on supplementary benefit. In no circumstances are the incomes of the unemployed the tempting prospect that they seem so widely believed to be.

Louie Burghes,
 Child Poverty Action Group,
 1, Mocklin Street,
 Drury Lane, WC2.

Unemployment

From the General Secretary, Association of Independent Businesses.
 Sir—R. S. Musgrave (July 17) remarks: "The current attention given to small firms derives largely from fashion rather than logic..." His letter then goes on to make errors of fact and of interpretation.

He claims to find nothing surprising in the important role of small firms to job creation because "the majority of employees are in small firms." This is not so. The Bolton Committee estimated that small firms accounted for about 20 per cent of employment. Even using the wider definition of privately owned businesses, the total is only 40 per cent. Mr. Musgrave misses the point about job creation. Research work in the U.S. confirmed by work in Italy and in the UK shows that very small and very new firms are responsible for some two-thirds of net job creation. This association has put this research in front of some very hard-headed people in order to convince the community of the smaller firms' economic potential. If we have won fashionability for the sector in so doing, we can only hope that the tide of fashion does not recede without leaving some commitments on the beach which would maximise that potential.

Mr. Musgrave goes on to say that he "does not see that the small firm looms particularly large in any of the generally accepted explanations for unemployment." Now it is true that until recently economists showed little interest in the role of small firms in the economy. But this association is in a good position to know of the enormous

output of these, learned articles and discussion papers which has begun to flow since we have been able to persuade opinion leaders that there is a definite link between employment prospects and the smaller firm.
 J. B. M. Donnellan,
 Association of Independent Businesses,
 Europe House,
 World Trade Centre, E1.

Businesses

Sir—Mr. Musgrave (July 17) challenges the idea that two-thirds of all new jobs in the U.S. over the period studied came from firms employing less than 20 people but also that 80 per cent of all new jobs came from firms less than five years old. That seems fairly persuasive evidence that new small businesses are the main source of new jobs.

It is perfectly clear that few new jobs will be created by existing large organisations over the next few years. Older industries are trying hard to reduce labour forces and it is unlikely that many new jobs will be created by large private sector companies; the public sector will not be taking up the slack and may well be reducing its labour force as well. The only possible source of the necessary new jobs is new businesses.

It is well known that Britain has one of the lowest rates of creation of new businesses and efforts to find ways of increasing that rate are not fashionable but logical, long overdue and to be welcomed.
 John Moples,
 17 Moreton Terrace, SW1.

Cigarettes

From Mr. M. Parr.
 Sir—Mr. D. A. Townsends'

letter (July 12) on the proposed changes in the mix of taxes levied on cigarettes raises some interesting points. The net effect is to reduce the proportion of tax raised by ad valorem taxes while raising the specific element. This means that as a rise occurs in the general level of prices (inflation) so cigarettes become relatively cheaper. This at a time when there is little prospect of a return to low levels of price inflation.

Aside from the fiscal (relative) loss of tax revenue this is a perplexing change when the case for a rising ad valorem element as preventive medicine is so strong. The arguments are, or should be, well known. Statements from both the past and present Government have indicated a desire to raise the real price of cigarettes. The Finance Bill will achieve the direct opposite. It is to be hoped that this will be one instance where Government action does make a U turn.
 Michael Parr,
 (Lecturer in Economics Dept. of Business Studies),
 The Polytechnic,
 Queensgate,
 Huddersfield.

Monopoly

From the Secretary, The Envelope Makers, and Manufacturing Stationers' Association.
 Sir—In our experience, although the Post Office is a monopoly it has operated as a commercial organisation with a real regard for the needs of its customers. In times gone by it has had many problems, but it has invariably overcome them successfully and the mails have got through—whether the problems have been enemy

action in wartime, the bombs of the terrorists, or the rigours of snow and flood in wintertime. And despite its shortcomings it is still probably the best and cheapest service in the world.

At present letters are delivered at the same charge anywhere in the United Kingdom, whether it be to the Orkneys or Lands End. If other operators came on the scene they would undoubtedly, cream off the most profitable business, and while deliveries in London, Manchester, Glasgow and other main centres of population might be excellent, the Post Office would be left with the unprofitable business in outlying areas. It would, no doubt, also be expected to continue to provide all the other postal services, including those undertaken on behalf of Government departments such as payment of pensions and social benefits, and issue of TV and other licences. On top of which it would probably still be subject to the surveillance of the Post Office National Users Council which would not extend to competitor mail deliveries.

No-one would pretend that the postal service at present is satisfactory and we have been in the forefront of its critics, but to end the monopoly is not the answer. A diversification of the postal business would be disastrous and would certainly have most dire consequences for this industry which must plan its production—which involves the use of expensive capital machinery—in accordance with probable postal traffic.

We are convinced that the existing well-tryed strategy is right. Under Sir William Barlow, there is a highly capable and experienced management team at the Post Office, and with the co-operation of the union the present difficulties can be overcome.
 Leonard Pagliaro,
 44, St. Martin's Approach,
 Ruislip, Middlesex.



"I believe in initiative—old people need yours and mine"

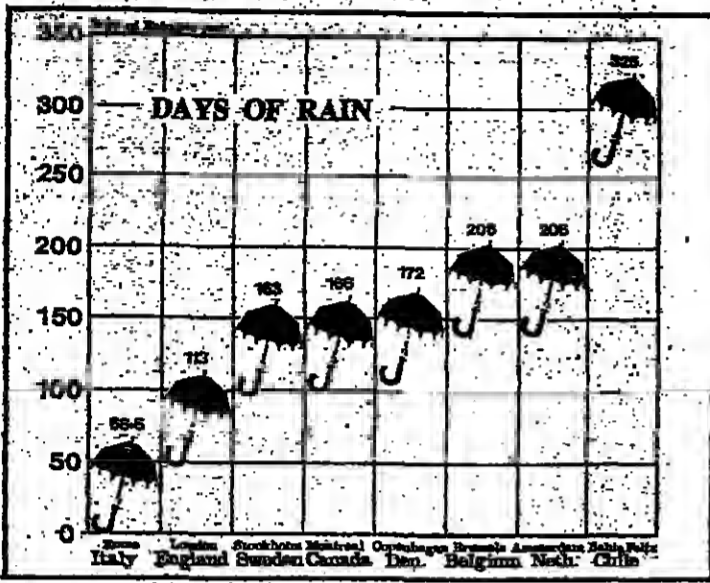
Lord Boothby

"Britain has often led the world with new ideas and new ways of tackling problems. Few people have a worse problem than our old folk. Medical science enables many of us to live longer, but it cannot give the answer to the suffering brought by loneliness, or being shut in a depressing room day after day, because there is nowhere to go. Help the Aged is working to solve this difficult human need with the imagination it used to pioneer flats for the elderly. With local volunteers it is helping to provide Day Centres where old people find companionship and friendly help. Similarly it is also moving forward to fund extra medical research into the physical afflictions of old age. Full details of Help the Aged's work will be sent with pleasure together with helpful information on minimizing taxation (No Gift Tax is levied on legacies to charity up to £100,000). Please write to: The Hon. Treasurer, Help the Aged, 32, Dover Street, London, W1P 3DP. £150 perpetuates the memory of someone dear to you on the Dedication Plaque of Day Centres."

BRITONS DOWN 7.3M BOTTLES OF BUBBLY A YEAR . . . 13% OF CANADIAN MEN SHAVE IRREGULARLY . . . 69% OF FRENCH WOMEN TAKE A B-CUP . . .

The numbers game in earnest

Two years of research, 200,000 miles of travel and 2,000 widely varied sources together they add up to a new publishing venture, the Book of Numbers. Michael Thompson-Noel wades in this sea of secular statistics.



THINK OF a number. The national income per head in Liechtenstein? The answer is \$3,440 (actually it isn't, or rather it was in 1974, but let us progress). The number of toothbrushes sold each year in Canada, Denmark and Japan? The answers are respectively: 20m, 5m and 167m. The scale of the Soviet defence budget? Answer: \$73.5bn. The percentage of total deaths from heart or related diseases in France? The answer is 38 per cent (the lowest incidence of such diseases in Europe). The level of *joie de vivre* in Britain expressed in terms of annual consumption of champagne? That's easy: 7.3m bottles.

I am not producing these figures from the top of my head. They are drawn from The Book of Numbers, described by its publisher, Pelham Books, as a compilation of the world's most interesting facts and figures. The Book of Numbers is not a light-hearted undertaking. True, it provides international comparisons of bra sizes, drinking habits, crime rates, sexual behaviour, levels of air pollution and the number of soldiers (and teaching professionals) per 1,000 of population.

But it also addresses itself to industrial accidents, pension rates, levels of home ownership, living expenses, income and inheritance tax, government expenditure, international aid, rates of inflation and economic growth—all on an international scale.

An indication of the lengths and breadths, highs and lows, reflected in The Book of Numbers is provided by a few of the questions (rhetorical, to be sure) printed on the dust jacket. Where does it rain 325 days a year? Where is inflation highest? Who loses most salary in taxes? Where do you have to vote? In which country are 95 per cent of burglars caught? It is a daunting compilation, an attempt to bring international statistics to life. The compilers spent two years amassing their material, researching and collecting facts and figures from a very wide range of sources: government agencies, market

and opinion research companies, commercial studies, census bureaux, the UN, the World Bank, Interpol, the FBI, the OECD, and so on.

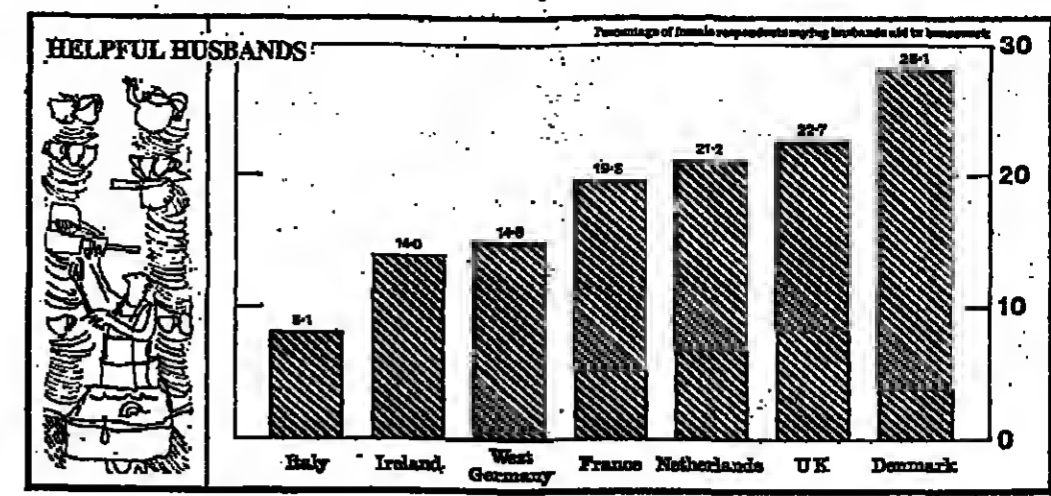
Where the Book of Numbers strays onto truly sensitive commercial territory, such as the incidence of world dandruff, the size of the international hair colourant market or the number of women in the industrialised West who buy blouses, the book's 160 charts and tables quote "confidential industry sources." This is fair enough, given the desperate protectiveness with which marketing companies guard their data. In all other cases, the book lays its sources, and its cards, firmly on the table.

Elizabeth Barrett Browning wrote: "How do I love thee—let me count the ways." To guide them through their counting, the book's editors were assisted by an international board of advisers working in conjunction with the World Association for Public Opinion Research.

Progression

The chairman of the advisory board was Mr. Robert M. Worcester, managing director of the London-based Market and Opinion Research International. Mr. Worcester is also the British Labour Party's private pollster. His colleagues on the advisory board were eight distinguished market and political researchers, including Prof. Elisabeth Noelle-Neumann, director of the Institut fuer Demoskopie at Allensbach in Germany; Mr. Richard Scammon, director of the Elections Research Centre in Washington DC, and Mme. Helene Riffault, director general of the Institut Français d'Opinion publique in Paris.

The Book of Numbers draws on 2,000 sources and involved its compilers in what are called "200,000 travel miles." Mr. Worcester agreed this week that at this stage The Book of Numbers is "more fun than reference," but advised potential critics to consult the first edition of the Guinness Book of Records to see how far, and to what degree of soporification,



It is possible for a work of this sort to progress.

The Book of Numbers is intended for use in three main ways. First, it attempts to provide answers to very wide-ranging questions on a roughly comparable basis. If nothing else, it will settle many an argument over after-dinner drinks. Second, insofar as possible, it lays out its figures in such a way that if you wished to compare levels of alcoholism with lack of work incentives, or link degrees of socialism to those of economic welfare, you are welcome to try. Third, the authors hope that it will become a standard reference work for those who need accurate facts and figures on a multi-national basis.

Among the research organisations that provided reams of data were Gallup International, MORI and NOP. In addition, banks and business concerns, say the authors, divulged their secrets—often for the first time. The authors claim this is the first book that "takes most of the world's available statistics and puts them on a roughly comparable basis."

That is a tall order indeed. The problem must have been immense, which is why, by and large, The Book of Numbers confines itself to the 17 major industrial countries that produce what its authors call "accurate, roughly comparable, facts." Each of the tables lists the date and source of its data. The authors stress the difficulties and the paradoxes inherent in an exercise of this kind, and warn against the perils of simplification. "For example, in Japan in 1978 they had 0.01 fatal accidents for every 1m man hours worked in their factories. This means a person would have to work eight hours a day for over 30,000 years before he could expect to be killed at his work. A likely tale! Nor does this convey how safety regulations vary in different countries."

The three trickiest areas the researchers encountered involved personal consumption habits, sex and crime. Research exists on how often people change their underwear, yet it is confidential, and even Mr. Worcester and his advisory board were unable to grasp that prize. The most innocuous-sounding research data is often protected the most jealously.

Sex is tricky. Since Kinsey's pioneer study in 1948, masses of material have been published on what is a subject dear to most hearts, but to the best of the researchers' knowledge, there are no uniform worldwide statistics.

Finally, and remarkably, uniform international crime statistics are almost impossible to unearth. How many people were shot in Britain last year? It is possible to find out. But other countries, such as Italy, may not even make a list. There are no prices offered for spotting mistakes, if only because this is the first edition. Nor is it profitable to speculate on some of the more bizarre forms of measurement. For example, there is a two-page section on "Wealth Indicators" that eccentrically restricts itself to reporting how many Rolls-Royces, Aston Martins and Panthers de Villers were purchased in each of the 17 countries in 1977, as well as the number of raw sables imported by each of the 17 as a percentage of the total of 100,000 raw sables sold by auction in the USSR in the same year. (Calculations of the latter were based on invoicing and shipping instructions. Studying these exotic indices of international wealth, we see that the U.S. was top of the tree in sables and Aston Martins, while Japan bought no Panther de Villers at all).

Likewise, one would not venture deep into the committee room of any trade union and start reading off The Book of Numbers on topics such as "strikes" (the section is based on data for 1975 and compares the number of disputes, man working days lost and the average number of workers per dispute), nor "labour productivity," if only because the figures are four years' out of date (their sources, in most cases, was the International Labour Organisation).

On the other hand, the compilers are striving to compare like with like, and it seems that the scope for aggregating their data over a period of time is very considerable. This they hope to do. One set of figures, however diligently compiled, may provide "more fun than reference," but a decade's worth, professionally compiled, properly interpreted and brought together between one set of covers, would be a different kettle of fish. (Kettles? They are not easy, but 75 per cent of Belgian households own a washing machine. Fish? There are no acceptable world statistics for fish consumption, but each Canadian eats 50 lbs of poultry a year, which is more than anyone else).

Many sections of the book suffer not at all from being slightly out of date. Using 1976 data, we learn that 13 per cent of Canadian males do not shave regularly, against 4 per cent of Italians. In 1970, the number of psychiatrists per 1,000 of population was highest in the U.S., at 23.2, while the number of mental hospital beds per 10,000 of population was highest in Ireland (47.9).

On the strength of The Book of Numbers I am now exceedingly well informed on matters that range across air deaths, population growth, land areas, waitlist months, coldest cities, tax rates, crime rates, cinema attendances, speed limits (in built-up areas and on motorways), voting habits, balances of payment and the incidence of breast cancer.

I know there to be 438,800 miles of paved road in France and 115 daily newspapers in Spain. I am aware that 42 per cent of the UK population suffers regularly from headaches, and that 89 per cent of all French women take a B-cup. Ask me a number.

"Australia, Austria, Belgium, Canada, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Denmark, Sweden, Spain, Switzerland, UK, U.S.

The Book of Numbers. Compiled and edited by Heron House Associates. Pelham Books, London, £5.50.

Weekend Brief

Mr. Coe's winning ways

OF ALL the sports achievements the year may yield, none is likely even to approach the astonishing world mile record set by Britain's Sebastian Coe in Oslo's Bislett Stadium on Tuesday night. In the greatest mile race ever run—the tenth man to finish clocked 3 minutes, 53.3 seconds—Coe lowered the world mark by four-tenths of a second to 3min. 49sec., having 13 days previously established a new world mark of 42.4sec. over 800 metres in the same stadium.

True, the track and the weather were perfect. But it was a performance of the greatest brilliance by a 23-year-old who until the race began, didn't know there would be a packman in the field (a task masterly shouldered by Steve Lacy of the U.S.); didn't know what the ruling world mile record was; to whom the "split" times of the mile meant nothing because he was so accustomed to running over 800 metres, and who was really only added to the field because, in the words of one athletics writer, he was thought to be a "man of possibilities."

Coe fits beautifully into the mould of the great mile runners of the past 50 years: Bannister, Lando, Deacon, Elliott, Snell, Jerry Ryan, and Walker, who together with Coe make up the roll-call of sub-four-minute mile record holders.

He is the most modest, most likeable of men: the holder of a double honours degree in economics and social history from Loughborough University who even in the maelstrom in Oslo on Tuesday displayed the intelligence and maturity to peer beyond next summer's Moscow Olympics.

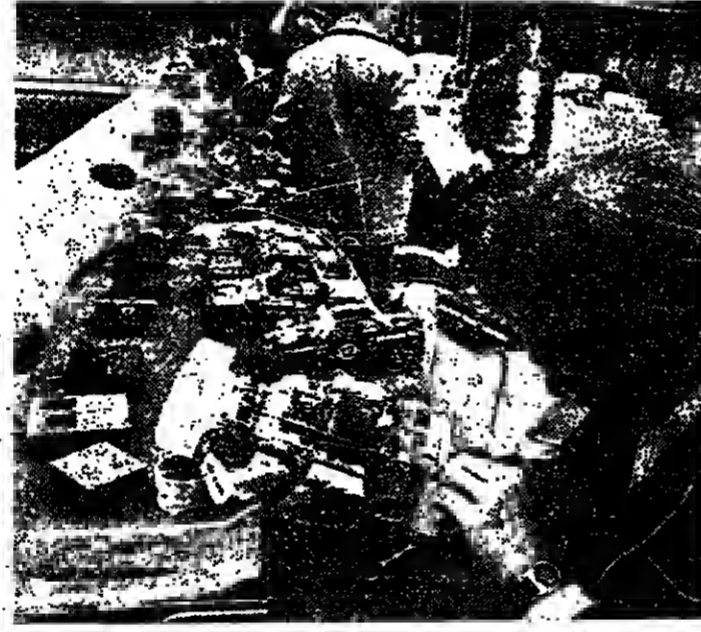
"After it's everything went right for me in Moscow," he said, "athletics could only be so many years more at the most. I'm concerned about the rest of my life and that's why I will do post-graduate work of some kind next year, as well as train. The combination of sport and study has been tough, but it's been worthwhile, and I know it suits me."

It is not as though the previous mile record was not a

The spectacular emergence of the fastest miler yet . . . How petrol bad news for some is good for others . . . and a long wait for THF

good one. In 1975, John Walker of New Zealand lowered the world mark to 3min. 49.4sec. in Gothenburg. It was a "good" world record, one that might have survived a while longer—but then came Tuesday, and Oslo, and young Mr. Coe.

In the U.S., where they use computer projections in matters of this kind, it is reckoned that by the year 2028, the record for the mile will have been lowered to around 3min. 30sec. On the evidence of this week's top mile runners are well on schedule.



This past week has seen the rare spectacle of motor racing in the City of London, not the real thing but 1/12th radio-controlled scale models. BP and Hadley Models have been sponsoring this mini spectacular on the BP Piazza off Moor Lane. Today (from 10 am to about 5 pm), sees the final. It's all for charity.

The other gushers in oil

THE CARS were queuing for miles along the littered streets of New York last week. Motorists grumbled and bumper stickers assailed OPEC, the President, and oil companies. But amid the chaos of America's petrol problems, there have been quite a few energy-related Wall Street success stories.

Du Pont, for example, has been marketing a curious product called THF. This is an additive purchased in tins for \$15 and mixed with oil for improved performance and better mileage per gallon. DuPont's performance has not suffered from the new product. It has remained close to its 12-month high of \$45 in recent weeks.

Another from which is suddenly in great demand is the portable petrol container. This is a must for those Americans who fear that they will run out of petrol or simply want to hoard a bit more than their tanks will hold. The Huff Corporation has started selling such a product and its share price has jumped accordingly. Huff is now at \$17 a share, near the top of its 12-month high and a lot higher than its \$8 1/2 a few months ago.

For those motorists who are really frustrated by the long petrol queues, a company called Petrolene is ready to convert automobiles in the U.S. from petrol to liquid petroleum gas. Petrolene has been getting over 2,000 telephone inquiries a day recently, from car owners seeking this conversion. Its share price has shot up from \$29 in January to around \$42 a share.

Then there's the synthetic fuel sweepstakes. President Carter ordered the decontrol last Monday of the price of "heavy oil." This is a very thick crude, found largely in California and convertible into regular petroleum through a steam injection process. The largest beneficiary of the decontrol has been the Getty Oil company, whose share price reached a high of \$56 recently, up from \$40 six months ago.

Sante Fe Industries comes second, with a six-month increase from \$30 to \$44 1/2 a share. Sante Fe is a railroad outfit, but owns huge tracts of land, plentiful in heavy oil.

Another big winner from the heavy oil decontrol decision is Husky Oil, a U.S. company being taken over by Alberta Gas Trunkline, which is Canadian. Husky owns lots of land in Alberta, Canada, where the heavy oil runs thick. Alberta Gas was offering \$48 per share to Husky, but Husky has now risen to \$50. Analysts in New

York, however, are saying that a conservative estimate of the share value would be more than \$100.

Then there's the Tokheim Corporation, which has struck it rich by manufacturing petrol pumps. Since petrol is over a dollar in some parts of the States, the old three-digit price register on the pump is fast becoming obsolete. Tokheim has become obsolete. Tokheim has a spanking new four-digit counter waiting in the wings.

Tokheim, which stood at \$12 a year ago, is currently coasting at nearly \$18 a share.

The Tubos de Acero de Mexico (TAMSA) is an obscure Mexican steel company which was selling for about two dollars a share 18 months ago. But TAMSA has a monopoly position in supplying PEMEX, the Mexican Government petroleum company, with steel tubing and drilling pipes. TAMSA is currently soaring above \$30 a share!

Meanwhile, for Cadillac-driving, petrol-hungry Yanks, General Motors has got a special product. It is a 55-gallon tank which can be installed into a Cadillac boot. The petrol tank sells for \$350.

General Motors and others are also marketing a petrol tank lock, which has become necessary as petrol thieving grows. The locks, which sold for a mere \$6 a few weeks ago, are now being sold for up to \$35!

Finally, reports indicate that Americans whose cars are stolen with full petrol tanks are a lot more irate than those who had not topped theirs up yet.

months ago. A \$5m bridging loan from the National Bank of Bahrain helped to pay the contractors, Hyundai Construction Company of South Korea, to do the work already done. But in the absence of further finance, Hyundai moved its men and machinery out in February last year. The deserted building site was the first thing to catch the eye of visiting businessmen as they drove into town across the causeway from the airport.

Loan negotiations with a group of Kuwaiti Banks became protracted, and there were rumours that the management company, Trust Houses Forte, wanted to withdraw from the project. It took until May this year to finalise the loan and contract agreements and Hyundai started remobilising its workforce from June 30.

National Hotels Company was founded in 1972, with equity of just under \$3m. Its major project, the Diplomat, was to be a five-star, 16-storey hotel with 264 rooms, a banqueting hall for 700 people, a revolving roof-top restaurant and an arcade of nine shops. The architects are Swank and Fakhro, of California and Bahrain. The revolving restaurant has now been postponed to Phase Two, along with a nightclub and a glass-walled lift. Phase Three—receding further and further into the future—envisages a second tower block of about 300 rooms.

A management contract was signed with Trust Houses Forte in 1975. For both the diplomat and a more modest businessman's hotel, the Al-Jazira, which was completed and opened a year ago.

With all the technical hurdles cleared, the new date for completion of the Diplomat is October, 1980. By the time it opens, however, it will be in competition not only with the Hilton, Gulf, Delmon and Holiday Inn, but with the Sheraton and French-built Regency, both due for completion next year.

Sand in the hotel works

THE GAUNT steel skeleton of The gannet steel skeleton of Bahrain's Diplomat Hotel, for long regarded as "psychologically bad" for the island's economy, is to get some flesh on its bones at last.

The \$60m luxury hotel was only 40 per cent completed when the promoters, National Hotels Company, chaired by Ahmed Zayani, ran out of money 18

TODAY—Mr. James Callaghan, Opposition Leader, at Durham Miners Gala.

SUNDAY—Mr. Len Murray, general secretary, Trades Union Congress, addresses Tolpuddle martyrs rally. London taxi fares rise by overall 28 per cent. National Savings monthly progress report.

MONDAY—Two-day Financial Times conference Budget 1979 opens, Dorchester Hotel, London—speakers on first day include Sir Geoffrey Howe, Chancellor of the Exchequer, Mr. Denis Healey, Opposition leader to the date 15, 1979, and Economic Affairs, and Mr. Tom Jackson, chairman, general

Economic Diary

TUC—Mr. Sidney Weibull, general secretary, National Union of Railwaysmen, talks with Mr. David Howell, Energy Secretary, on energy crisis. TUC-Labour Party Liaison committee meets, Transport House, London. EEC Budget Council meets, Brussels. New vehicle registrations (June).

TUESDAY—House of Commons debates regional industrial policy. Meetings of EEC Foreign and Agriculture Ministers, Brussels. Unemployment and unfilled vacancies provisional

figures for July. Bricks and cement production (June). Power workers' pay talks resume. British Gas annual report. WEDNESDAY—Commons debates Southern Africa—Prime Minister is main Government speaker. Foundry owners in talks with Government representatives and union leaders at meeting of the National Economic Development Office economic development committee for founders. C. G. C. council meets, Congress House, London. Meeting of Labour

Party national executive committee. Transport House, London. British Shippers' annual report. Housing Corporation annual report. THURSDAY—British Airways annual report. Electricity Council annual report. Energy Trends publication. Institutional investment (1st quarter). Department of Employment Gazette publication. FRIDAY—National and Local Government Officers' Association special delegate meeting on local government pay offer, Central Hall, Westminster. Parliament rises for summer recess.

Redemption Notice Electricity Supply Commission

Guaranteed Floating Rate Notes due 1982

NOTICE IS HEREBY GIVEN that there has been selected by lot for redemption on August 15, 1979, and on that date ELECTRICITY SUPPLY COMMISSION will redeem through operation of the Sinking Fund, at 100 per cent of the principal amount thereof together with interest accrued thereon to the date of redemption, \$1,099,000 principal amount of Notes of the issues above designated, bearing the following serial numbers:

NOTE NUMBERS WITH PREFIX LETTER M (The principal amount of each Note to be redeemed appears in parentheses after the number of each Note)																
1	618	1232	1784	2164	2432	2710	2987	3217	3426	3641	3823	4079	4397	4687	5012	5275
2	818	1243	1785	2167	2446	2721	2991	3228	3449	3654	3845	4096	4398	4620	4971	5282
3	84	636	1208	1622	2074	2562	3074	3610	4172	4758	5368	6002	6660	7342	8048	8778
4	86	630	1210	1624	2104	2612	3127	3659	4217	4800	5408	6040	6696	7374	8082	8812
5	88	624	1212	1626	2106	2616	3131	3663	4221	4804	5412	6044	6698	7376	8084	8814
6	170	867	1377	1802	2246	2810	3379	3959	4547	5144	5750	6374	7014	7670	8342	9030
7	172	870	1378	1807	2250	2814	3383	3963	4551	5148	5754	6378	7018	7674	8346	9034
8	246	1032	1514	1978	2472	2976	3521	4074	4634	5200	5772	6350	6934	7524	8120	8722
9	248	1034	1516	1980	2476	2980	3525	4078	4638	5204	5776	6354	6938	7528	8124	8726
10	248	1034	1516	1980	2476	2980	3525	4078	4638	5204	5776	6354	6938	7528	8124	8726
11	486	1097	1598	2098	2618	3138	3663	4194	4730	5270	5814	6362	6914	7470	8030	8594
12	488	1103	1603	2103	2623	3143	3668	4200	4740	5280	5824	6372	6924	7480	8040	8604
13	541	1164	1705	2201	2709	3236	3763	4294	4830	5370	5914	6462	7014	7570	8130	8694
14	543	1170	1711	2207	2715	3242	3769	4300	4840	5384	5932	6484	7036	7590	8150	8714
15	611	1179	1765	2214	2828	3357	3887	4420	4956	5496	6040	6588	7140	7694	8250	8808
16	3	(82,000)	169	(81,000)	344	(81,000)	597	(81,000)	701	(81,000)	828	(81,000)	964	(81,000)	1094	(81,000)
17	4	(81,000)	169	(81,000)	347	(82,000)	599	(81,000)	703	(81,000)	833	(81,000)	964	(81,000)	1094	(81,000)
18	22	(82,000)	170	(81,000)	357	(81,000)	602	(81,000)	714	(81,000)	845	(81,000)	977	(81,000)	1107	(81,000)
19	27	(81,000)	171	(81,000)	362	(81,000)	606	(81,000)	718	(81,000)	849	(81,000)	981	(81,000)	1111	(81,000)
20	27	(81,000)	171	(81,000)	362	(81,000)	606	(81,000)	718	(81,000)	849	(81,000)	981	(81,000)	1111	(81,000)
21	40	(83,000)	188	(81,000)	378	(81,000)	624	(81,000)	721	(81,000)	852	(81,000)	984	(81,000)	1115	(81,000)
22	40	(83,000)	188	(81,000)	378	(81,000)	624	(81,000)	721	(81,000)	852	(81,000)	984	(81,000)	1115	(81,000)
23	50	(81,000)	200	(81,000)	393	(81,000)	639	(81,000)	734	(81,000)	865	(81,000)	996	(81,000)	1119	(81,000)
24	50	(81,000)	200	(81,000)	393	(81,000)	639	(81,000)	734	(81,000)	865	(81,000)	996	(81,000)	1119	(81,000)
25	62	(82,000)	189	(81,000)	387	(82,000)	625	(81,000)	730	(81,000)	861	(81,000)	992	(81,000)	1123	(81,000)
26	62	(82,000)	189	(81,000)	387	(82,000)	625	(81,000)	730	(81,000)	861	(81,000)	992	(81,000)	1123	(81,000)
27	62	(82,000)	189	(81,000)	387	(82,000)	625	(81,000)	730	(81,000)	861	(81,000)	992	(81,000)	1123	(81,000)
28	74	(82,000)	200	(81,000)	403	(82,000)	646	(81,000)	739	(81,000)	870	(81,000)	1001	(81,000)	1127	(81,000)
29	74	(82,000)	200	(81,000)	403	(82,000)	646	(81,000)	739	(81,000)	870	(81,000)	1001	(81,000)	1127	(81,000)
30	86	(81,000)	217	(81,000)	412	(81,000)	631	(81,000)	740	(81,000)	871	(81,000)	1002	(81,000)	1128	(81,000)
31	86	(81,000)	217	(81,000)	412	(81,000)	631	(81,000)	740	(81,000)	871	(81,000)	1002	(81,000)	1128	(81,000)
32	117	(81,000)	228	(81,000)	421	(81,000)	640	(81,000)	741	(81,000)	872	(81,000)	1003	(81,000)	1129	(81,000)
33	117	(81,000)	228	(81,000)	421	(81,000)	640	(81,000)	741	(81,000)	872	(81,000)	1003	(81,000)	1129	(81,000)
34	120	(81,000)	228	(81,000)	421	(81,000)	640	(81,000)	741	(81,000)	872	(81,000)	1003	(81,000)	1129	(81,000)
35</																

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Update sold 10 per cent of the Milk Marketing Board for £50m, plus an estimated £20m for stock. The deal will reduce the Board's milk processing business by three-quarters and signals a large-scale retreat from the troubled butter, cheese and milk powder sectors.

Phillips announced a £34.5m offer for the 30 per cent of the firm it does not already own. The offer, of 190p per share, has been recommended for acceptance by the non-Phillips directors of the firm. The move by Phillips comes 12 years after the group acquired the firm in a takeover bid with Thorn which bought 100 per cent of the shares in Pye of Cambridge but offered shareholders a option to buy shares in a new holding company at 70p each.

A private Canadian company owned by the Senebaum family of Toronto made an agreed 15p cash per share bid for the Aberdeen-based distribution and North Sea oil service group Blyth and Wigham. The bid is being made through the Mackay Group (UK) which was set up this year and has a number of property and investment interests, chiefly in North-east Scotland.

Special arrangements completed the sale of its West German subsidiaries to the German Government and the British Properties Group, together with two investment properties in Frankfurt. The sale was to be completed by the end of the month. The sale of the subsidiaries and the total consideration of about £25.15m will go towards repaying bank borrowings in Germany of £25.59m.

After failing to receive the required acceptance, Armstrong Equipment's bid for Jenks and Cattell was lapsed.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Final date
Gough Bros.	130	129	71	4.30	Scottish & Newcastle
Hardy & Co. (Furnishers)	136½	136	114	8.93	Harris
Hardy & Co. (Furnishers) 'A'	126½	126	83	16.4	Queensway 27/7
Hawthorn Baker	185	175	135	1.2	Queensway 27/7
James (J.)	84½	79½	35	2.8	Dunlop
Lebus (Harris)	40	37	35	0.85	Wily, Hughes 8/8
Pye Holdings	180½	165	116	34.5	FMA
Sekong Rubber	£16	£15½	£10	2.40	Philips
Sheepbridge Eng.	113	102	68	40.0	Hizelcia Invs. 27/7
Silhouette	90½	95	45½	1.98	GKN
Silhouette 'A'	84½	88	59½	1.11	Pawson
Wellman Eng.	65½	67½	68	2.00	Ridman, Heenan

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 20/7/79. †† At suspension. ††† Estimated. †††† Shares and cash. ††††† Unconditional.

Offers for sale, placings and introductions

Essex Water Co.: Offer for sale by tender of 6m 8 per cent Redeemable Preference stock 1984 at par.

Scrap Issues

Alliant Props: One for one.
Astra Indl: Two for three.
Dowry Group: One for one.
Magnet and Southern: One for two.
MFI: One for one.
Ratners Jewellers: One for two.
Startrite Engineering: Four £1 11 per cent Cumulative Preference shares for 15 Ordinary, then one for one in Ordinary.
Wintrust: One new Preference for eight Ordinary.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* (p)
Abwood	Mar. 75	(43)	2.1	(1.2)
Allied Colloids	Mar. 5,980	(4,820)	3.8	(7.4)
Alind Props.	Mar. 4,240	(3,470)	11.7	6.45
Amalgamated Est.	Mar. 116	(18) 0.2	(—)	(—)
Assoc. Leisure	Mar. 4,986	(3,494)	12.1	(9.8)
Astra Indl.	Apr. 1,040	(1,020)	5.5	(5.1)
Audiotronics	Mar. 733L	(1,279)	—	(—)
Birmingham Mint	Mar. 681	(386)	28.7	(16.8)
Black Arrow	Mar. 453	(368)	5.9	(2.2)
Braham Millar	Mar. 452	(1,090)	3.0	(7.2)
Brotherhood (P.)	Mar. 12	(764)	2.1	(14.3)
Brown (N.) Invs.	Mar. 1,010	(808)	6.8	(2.6)
Crown House	Mar. 4,053	(3,228)	13.2	(6.4)
Denbyware	Mar. 612	(765)	7.7	(7.5)
Distillers	Mar. 180,100	(162,500)	34.0	(31.3)
Dowry Group	Mar. 31,176	(25,038)	35.1	(27.5)
Fedens	Mar. 562L	(2,840)	(—)	(—)
Gt. Univ. Stores	Mar. 185,965	(128,102)	36.9	(28.1)
Hampton Trust	Mar. 52	(11)L	0.5	(—)
Haslemere Est.	Mar. 4,120	(2,890)	12.6	(9.5)
HAT Group	Feb. 2,620	(2,092)	6.3	(4.0)
Heron Motor Grp.	Mar. 3,530	(3,070)	8.2	(7.0)
Hogg Robinson	Mar. 9,210	(9,020)	18.0	(12.0)
Holls Bros.	Mar. 1,360	(1,540)	10.2	(15.0)
Hilgworth Mtrs.	Mar. 3,360	(4,630)	6.3	(9.7)
James Stroud	Mar. 2,800	(2,410)	21.7	(31.3)
LRC	Mar. 5,880	(6,670)	4.0	(3.2)
Magnet & Shtns.	Mar. 19,680	(14,250)	23.5	(19.0)
Mayer (M. L.)	Mar. 16,454	(12,982)	23.3	(12.1)
MFI	May 13,980	(5,340)	16.1	(7.9)
Moorgate Mestic.	Mar. 304	(205)	1.8	(1.4)
Negretti & Zambra	Mar. 107	(253)	3.0	(7.2)
Priest (Ben.)	Mar. 2,620	(1,300)	17.7	(18.4)
Ratners (Jewlrs.)	Apr. 2,560	(1,590)	12.2	(7.6)
Scottish Homes	Mar. 482	(381)	5.7	(4.0)
Stroud Riley	Mar. 406	(450)	6.3	(18.2)
Sytone	Mar. 1,430	(1,048)	3.8	(26.4)

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* (p)
Temidas (F. H.)	Apr. 1,660	(1,770)	4.4	(3.2)
Trafford Carpets	Mar. 27	(32)	1.2	(1.5)
Unigate	Mar. 36,100	(25,400)	17.3	(12.6)
Unilock	Mar. 1,370	(808)	14.2	(9.3)
Vinton Group	Mar. 1,610	(1,150)	13.2	(8.5)
Vita-Tex...	Apr. 803	(308)	13.8	(11.0)
Western Board	Mar. 1,199	(918)	10.7	(8.8)
Wintrust	Mar. 1,240	(973)	10.6	(3.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Berisfords	May	520	(470)
Birmind Qualeast	Apr.	1,940	(3,800)
Brentnall Beard	Mar.	607L	(233)
Deacons Hldgs.	Mar.	124	(115)
Dewhurst & Plar.	Apr.	173	(127)
Gestner	May	11,400	(13,900)
Glass Glover	Mar.	174	(132)
Jameson's Coacs.	June	210	(169)
Low (Robt. H.)	Apr.	231	(216)
Meggitt Hldgs.	Apr.	152	(181)
Rank Orgn.	May	64,410	(57,300)
Warrar	Mar.	222	(178)
Yule Catto	Apr.	1,309	(686)

(Figures in parentheses are for corresponding period) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. L Loss

Rights Issues

Abwood Machine Tools: One for one scrip in 5p shares, then consolidation into 10p shares, then one for one rights issue at 14p raising £298,000.†

GOVERNMENT TO SELL PART OF BRITISH AIRWAYS

Details of the hive-off plan

Mr. John Nott, Trade Secretary, in his statement to the House, told the Commons yesterday that the airline "has embarked on a major programme of fleet replacement and expansion and I believe that it has excellent growth prospects. As the principal national carrier, it is operating in an increasingly competitive market and, while the world energy situation creates considerable uncertainties, I am nonetheless confident that the airline will face these challenges successfully."

financial requirements, and I should like to let the House have my views and proposals. "First, the Government is concerned to give British Airways the most effective form of organisation for carrying out its programme in response to the changing demands of the market rather than on the basis of Government targets and support. "Second, I propose therefore that the framework of the Companies Acts should be used to provide British Airways with a new capital structure and that a substantial minority shareholding in the enterprise should be offered for sale to the public. "Third, the Government will give up control, for example, over British Airways' investment programme and it will in future satisfy its financial requirements from capital markets both at home and overseas.

"Fourth, my proposal does not involve a separate disposal of any part of British Airways. "Fifth, special arrangements will be made to enable employees of British Airways to take up shares in the enterprise should they wish to participate in its future and share in its growth. "Sixth, I envisage the fullest possible process of consultation with the airline's management and employees. "Seventh, I will put forward proposals later in the year for the legislation which will be required. The timing of any issue of shares will depend on market and other circumstances. "Eighth, I will also set out the Government's thinking on the licensing provisions administered by the Civil Aviation Authority. I can say now, however, that there will be no arbitrary reallocation of routes."

Seat belt Bill given second reading

By John Hunt
A PRIVATE member's Bill to make wearing seatbelts in motor vehicles compulsory was given a Second Reading in the Commons yesterday by a majority of 75 (34-59).

Owen urges early go-ahead for sixth North Sea round

BY RAY DAFTER, ENERGY EDITOR
DR. DAVID OWEN, Opposition Energy spokesman, yesterday challenged the Government to speed North Sea exploration work. He said the Energy Secretary should immediately confirm the first batch of drilling concessions conditionally agreed under the sixth round licensing terms.

Airline needs to be free of Treasury shackles

THE GOVERNMENT'S proposal to sell off a "substantial minority of the capital of British Airways and virtually to free the airline from the shackles of Treasury financial control, is likely to be welcomed by the management of the airline, even if it is less palatable for the trades unions and other devotees of State ownership.



Mr. John Nott, Trade Secretary, with Mr. Ross Stainton, chairman of British Airways.

Nott's announcement brings angry attack by Opposition MPs

THE SURPRISE announcement that the Government intends to sell off a substantial minority shareholding in British Airways was denounced yesterday by Mr. John Smith, the Shadow Trade Secretary, as "an alarming statement which will be greeted with shock and dismay," writes John Hunt, Parliamentary Correspondent.

Labour MPs erupted in anger as Mr. John Nott, the Trade Secretary, unveiled his proposals before a sparsely attended House of Commons, without prior warning. Mr. Eob Brown (Lab., Newcastle West) denounced the scheme as "nothing short of aerial piracy—here is a proposal to hijack a whole airline in one fell swoop."

British airways

It was hoped pension funds would take up many of the shares, giving millions of pensioners an opportunity to share in the future of British Airways.

There were Opposition suggestions that the Government might be planning a further sale of British Airways shares later to give the private sector a majority holding in the airline.

Mr. Nott retorted: "My present proposals are absolutely specific—we are concerned here with selling off a substantial minority holding."

Mr. Enoch Powell (Ulst. Unionist, Down S.) asked whether a majority of the directors on the new board would be under instructions from the Government or would be allowed to act as private individuals. If they were instructed by the Government, how could people be expected to invest in an enterprise over which they had no control?

British airways

Mr. Nott said the number of directors the Government should have on the board would be decided at the time of the share issue.

"The Government will be a majority shareholder on the airline, and therefore will be entitled, as any other shareholder is, to have its representatives on the Board. We can consider all these matters over the next year or so."

Mr. Stanley Clinton Davis, a Labour trade spokesman, protested that, during the General Election, Labour's allegation that the Tories intended to sell off part of British Airways had been condemned as "a dirty lie."

"It is obvious that they won't be diverted from these half-baked proposals. The offer of consultation is a complete sham."

He alleged that the amount of shares offered to the employees would be minuscule. It was just a ploy to hide the Conservatives' intention of plundering a successful state enterprise to pay for the taxpayer's concessions to the wealthy.

Economic forum may be scrapped

By Richard Evans, Lobby Editor
LABOUR MPs are now convinced that the Government has abandoned the plan to set up an economic forum containing members from the CBI, TUC and other bodies.

Mr. John Grant, an Opposition Employment spokesman, claimed last night that a "firm decision" had been taken this week by Ministers to kill off the forum for the foreseeable future.

He has tabled a Commons question to Sir Geoffrey Howe, Chancellor of the Exchequer, for Tuesday asking him to disclose the Government's decision before the summer recess at the end of the week.

But Ministers were maintaining that the forum was still being considered.

The view is that it is unlikely to become operative until the end of the year at the earliest and then only for the most general discussions on the economy.

Tories pay tribute to John Davies

A MEMORIAL service for Mr. John Davies, former Cabinet Minister, was held yesterday at St. Margaret's Church next to the House of Commons.

Among the mourners was former Conservative leader, Mr. Edward Heath.

Mr. Davies served in Mr. Heath's Government as Minister of Technology, Trade and Industry Secretary and Chancellor of the Duchy of Lancaster. He was appointed Shadow Foreign Secretary by Mrs. Thatcher in Opposition, but last November he resigned as MP for Knutsford because of ill health. He was granted a peerage but died before he could receive it.

Among the congregation were Mr. James Prior, Employment Secretary, Mr. Francis Pym, Defence Secretary, Mr. William Whitelaw, Home Secretary, Sir Geoffrey Howe, Chancellor.

UNITED INTERNATIONAL BOND FUND NOTICE TO HOLDERS OF BEARER SHARES

An Interim Distribution from the Fund for the Accounting Period ending 28th December, 1978, will be paid on Friday, 27th July, 1979, to persons presenting coupon number 3 detached from Bearer Certificates. The amount payable is U.S. \$4.08 per share. Coupons may be presented at the office of the Trustee, The Bank of Nova Scotia Trust Company Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands, or at any of the Paying Agents listed below:

- United International Bank Limited, 30 Finsbury Square, London EC2A 1SN
- Algemeene Bank Nederland, (Geneve) S.A., P.O. Box 588, 12 Quai Général-Guisan, CH-1211 Genève 3, Switzerland.
- Algemeene Bank Nederland in der Schweiz A.G., P.O. Box 944, 24, Schiffhände, 8022 Zurich, Switzerland.
- Algemeene Bank Nederland N.V., P.O. Box 2720, Faraj Bin Hamoudah Building, Sheikh Hamdan Street, Abu Dhabi, United Arab Emirates.
- The Bank of Nova Scotia P.O. Box 3260, 5th Floor, Bank Sadat Iran Building, Government Road, Manama, Bahrain.
- The Bank of Nova Scotia, P.O. Box 3659, 1st Floor, Al-Futtain Tower Building, Deira, Dubai, United Arab Emirates.
- The Bank of Nova Scotia, Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands.

NOTICE TO HOLDERS

The unaudited accounts of the Fund for the six-month period ended on the Interim Accounting Date 28th June, 1979, are open to inspection during usual business hours by any Holder at the Office of the Trustee, The Bank of Nova Scotia Trust Company Channel Islands Limited, Queen's House, 13-15 Don Road, St. Helier, Jersey, Channel Islands. Copies will automatically be sent to Holders of Registered Shares and may be obtained by the Holders of Bearer Shares upon production of their Certificates at the Offices of the Trustee, Manager or any Paying Agent.

Signed: United International Management (C.I.) Limited, Managers, 14 Mulcaster Street, St. Helier, Jersey, Channel Islands.

J. BILLAM LIMITED

(Principal activities include the manufacture of castery and precision sheet metal engineering for aircraft and motor industries.)

Extracts from the Statement of the Chairman Mr. Gordon Billam:

Pre-tax profit of the group for the year 1978 is £288,574. The comparative profit for 1977 was £191,651.

A final dividend of 2.592 pence per share is recommended (1977 2.3562), which together with the related tax credit amounts to 3.703 pence per share (1977 3.57) making 5.014 pence per share (1977 4.762).

As forecast at the end of the first half-year's trading, group results show a considerable improvement over the previous year. Pre-tax profit increased by 50.6% to achieve record group results. I am confident that the profit of the group will continue to improve.

A Personal Investment Management Service

We specialise in providing this service for investors who would like their investments to receive active full time professional attention. If you have shares, fixed interest stocks, unit trusts, etc. or wish to invest in the stock market, please telephone 01-497-4535 or write to:

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PER ANNUM

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WORLD STOCK MARKETS

20 Companies and Markets

Early firmness on Wall St.

INVESTMENT DOLLAR PREMIUM Effective \$2.2730 6.5% (6 1/2%) A SLIGHTLY firmer trend prevailed on Wall Street yesterday...

not going to let the dollar's fall get out of hand. IBM topped the active list, adding \$1 1/2 at \$89 1/2...

while Stores, Oils and Chemicals irregular. U.S. stocks weak. Germans firm. Oils and Gold Mines mixed, Coppers lower.

Switzerland - Prices continued steady in moderate activity underpinned by high liquidity and some foreign buying.

NEW YORK

Table of stock prices for various companies in New York, including Johnson & Johnson, IBM, and others. Columns include Stock, July 19, July 18, and July 17.

Indices

NEW YORK - DOW JONES

Table showing Dow Jones indices for New York, including Industrial, Chemical, and Total indices, with columns for July 19, 18, 17, and 16.

STANDARD AND POORS

Table showing Standard and Poors indices for various sectors like Industrial, Chemical, and Total, with columns for July 19, 18, 17, and 16.

F.T. CROSSWORD PUZZLE No. 4027

A prize of £5 will be given to each of the first three correct solutions... Solutions must be received by next Thursday...

Name: _____ Address: _____

ACROSS 1 Dandy stuck in Abbey (8) 2 A dog lying with organ and monkey (8) 3 Rhythmically fuses 14-2-21 4 Mysterious company baking kind of worship (8) 5 Cleared by superior getting the French fit (9) 6 Returning sacks to seat (5) 7 Handy part of going (4) 8 Jerusalem missing out letter in speech (7) 9 Willing rinditions to find level (2,5) 10 Tendency to be corrupt (4) 11 Fashion left in shape (5) 12 See purpose of opinion (9) 13 Was upset but engaged (4,2) 14 Sit across violin led astray (8) 15 Take stock of silky smud (6) 16 Share a lot of miners for using sedative (8) 17 Dandy stuck in Abbey (8) 18 A dog lying with organ and monkey (8) 19 Rhythmically fuses 14-2-21 20 Mysterious company baking kind of worship (8) 21 Cleared by superior getting the French fit (9) 22 Returning sacks to seat (5) 23 Handy part of going (4) 24 Jerusalem missing out letter in speech (7) 25 Willing rinditions to find level (2,5) 26 Tendency to be corrupt (4) 27 Fashion left in shape (5) 28 See purpose of opinion (9) 29 Was upset but engaged (4,2) 30 Sit across violin led astray (8) 31 Take stock of silky smud (6) 32 Share a lot of miners for using sedative (8)

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RACING BY DOMINIC WIGAN

Eagle Boy can land Ayr's Tote Sprint

TEN HANDICAPPERS of varying merit have been declared for today's feature event at Ayr, the Tote Sprint Trophy, and the race is likely to be highly competitive.

The two who most interest me are Eagle Boy, near the foot of the handicap with eight stone, and Taryn, who is the bottom weight.

Eagle Boy, the certain favourite, has been a model of consistency, either winning or taking the runner-up's spot in each of his four races. He conquered his market rival, Cotton Rocket, by four lengths when the pair fought on the finish to York's William Hill.

At Newbury, racing gets off to an interesting start with Hardgreen trying to gain a long overdue win in the Steventon Stakes. The Michael Stoute-trained three-year-old who has shown himself to be not far short of classic stature, was far from disgraced in the King Edward VII at Royal Ascot last time out. Provided that fast conditions remain on his side, Hardgreen should be able to dispose of the veteran, Fool's Mate.

A second possible winner for the Newmarket trainer, absent at the Keeneland Sales in Kentucky, is newcomer Biding, among the runners for the Chatter Hill Stakes. However, Annabella, a filly by Habitat out of the Flying Sovereign, should win, provided she has been blessed with a modicum of her parents' speed.

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GERMANY

Table of stock prices for Germany, including companies like Allianz, BASF, and Siemens.

AUSTRALIA

Table of stock prices for Australia, including companies like BHP, Qantas, and Woolworths.

PARIS

Table of stock prices for Paris, including companies like Air France, Bouygues, and Elf.

AMSTERDAM

Table of stock prices for Amsterdam, including companies like ABN, Alkermat, and Amstel.

VIENNA

Table of stock prices for Vienna, including companies like Creditanstalt, Erste Bank, and Wienerstrom.

JOHANNESBURG

Table of stock prices for Johannesburg, including companies like Anglo American, De Beers, and Anglovaal.

SWITZERLAND

Table of stock prices for Switzerland, including companies like Nestle, Swissair, and Zurich.

MILAN

Table of stock prices for Milan, including companies like Anic, Breda, and Eni.

STOCKHOLM

Table of stock prices for Stockholm, including companies like ABB, Alfa Laval, and Astra.

COPENHAGEN

Table of stock prices for Copenhagen, including companies like Carlsberg, Danfoss, and Novo Nordisk.

OSLO

Table of stock prices for Oslo, including companies like Aker, Elkem, and Fjord.

BRUSSELS/LUXEMBOURG

Table of stock prices for Brussels/Luxembourg, including companies like Alcatel, Arcor, and Belfrage.

OSLO

Table of stock prices for Oslo, including companies like Aker, Elkem, and Fjord.

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Table of stock prices for Oslo, including companies like Aker, Elkem, and Fjord.

CANADA

Table of stock prices for Canada, including companies like Alcan, Bell Canada, and Canadian Pacific.

MODITIES New and better... Various advertisements for commodities and services.

Exchange rates setback at Mitsui

Mitsui and Co. the Japanese trading house, has reported that its consolidated net income in the first quarter ended March 31 fell by 51.4 per cent to ¥2,480 million (\$11.8m) while sales rose only 0.5 per cent to ¥7,920 million (\$37.7m). Profits were hit hard by exchange rate movements. Exports were also down...

AUSTRALIAN PROFITS

Steel carries BHP through record

BY JOHN ROGERS IN SYDNEY THE BROKEN HILL Proprietary Company (BHP) yesterday established itself as Australia's biggest publicly-listed profit earner, reporting an earnings leap of 119.4 per cent to A\$188.8m (US\$212m). The earnings growth far outstripped that of sales revenue which put on 18.7 per cent, from A\$2,370m to A\$2,820m (US\$3,200m). The result eclipses the A\$168.5m earned by Utah Development Company, the coal miner, in 1977, and is after taking into account BHP's unique method of accounting for inflation—its asset valuation adjustment. Dismissing FAVA and putting the company's performance back onto an historical accounting basis, the steel, minerals and oil and gas group would have reported a 56.4 per cent higher result at A\$239.8m.

price for the last four months of the year, but the division solidly back into profit. The directors were optimistic about steel making prospects, though fears of a world recession coloured their view of export sales. The group's oil and gas interests in the Bass Strait—shared equally with its partner, Esso—boosted their contribution to net earnings from A\$104m to A\$123m. This was slightly below expectations because oil production fell from 11.7m kilolitres to 11.5m kilolitres. Gas output continued to rise, increasing from 1.45bn cubic metres to 1.53bn.

year. The effect was to reduce the group's tax rate from 54 cents in the dollar to 46 cents. The overall tax payment rose from A\$179m to A\$218m. The company has already announced an increase in its dividend from 31.5 cents to 32.5 cents. This is twice covered by the latest earnings rate of 68 cents. The net profit as a percentage of sales revenue has risen from 3.9 per cent to 6.7 per cent.

Sales increase for Ciba-Geigy

BY JOHN WICKS IN ZURICH

SWISS CHEMICAL group Ciba-Geigy reports growth of 6 per cent in sales for the first half of this year to SwFr 5.1bn (\$3,250m) compared with SwFr 5bn. The increase would have been more marked but for exchange rate alterations, the company says in its interim report, pointing out that local currency sales within the group rose by as much as 16 per cent.

customer stock-piling, as well as an external uncertainty factor like inflation, raw material prices and exchange rates. The basic parent company says that business has developed satisfactorily over the six months, Swiss franc turnover rising for each individual operational division. The most substantial increases in sales were those of 17 per cent (31 per cent in terms of local currencies) on the part of the Air-Week household products group, SwFr 233m, and of 15 per cent (21 per cent in local currencies) on the plastics and additives division to SwFr 933m.

On Thursday, the South Australian Deputy Premier and Minister for Mines and Energy announced that legislation, which carries a six-month time limit, was now being processed. Bond Mining and Exploration has instituted the proceedings on the grounds that the provisions of the new State Act, which authorises the issuing of disinvestment notices, is an infringement of the provision of Section 92 of the constitution, which preserves the freedom of interstate trade.

Bond in legal moves over Santos stake

BY OUR SYDNEY CORRESPONDENT

Mr. Alan Bond, the Australian businessman, yesterday took legal action to prevent the South Australian Government from enacting legislation aimed at forcing shareholdings in the state gas utility, Santos, to be limited to 15 per cent. Companies associated with Mr. Bond (which own over 30 per cent of the utility's capital).

Earnings upsurge at Alcoa of Australia

BY OUR SYDNEY CORRESPONDENT

ALCOA OF AUSTRALIA's decision to move heavily into alumina rather than rely on the basic raw material, bauxite, has paid off handsomely. Earnings in the half-year to June 30 have risen from A\$ 25.4m to A\$ 44.8m (US\$ 50m) reflecting almost entirely, inoyant alumina operations. Sales rose only 25.8 per cent from A\$ 219m to A\$ 295m, of which A\$ 235m was from export sales compared with A\$ 173m in the previous period. The result represents a strong improvement on the previous full year's results, when profit fell A\$ 4.3m to A\$ 60.5m despite an 8 per cent rise in sales. The result, sufficient to break the loss, is the latest interim showing a fairly hefty increase from A\$ 25.4m to A\$ 44.8m.

Ford to sell 50% stake in French machinery concern

BY TERRY DODSWORTH IN PARIS

FORD MOTOR has agreed in principle to sell off about half of its stake in Richier, the French construction equipment group, which has run into heavy losses since being bought by the American company in 1973. Richier, the second largest French company in this sector, has been on the market since the middle of February. Several large international groups are believed to have looked it over, but in the end Ford has decided to sell just half of it to Sambron, a medium-sized French company.

agreement in France centres on the scale of the acquisition for a group of Sambron's size. It will be virtually doubling its business at a time when the prospects in the construction equipment industry are still clouded, and after a period when Richier has made heavy losses. Last year, Richier is calculated to have lost FF 45m (\$10.7m). This followed a deficit of FF 40m in 1977, and contributed to a cumulative loss of FF 150m since 1975.

Bank of Tokyo

The Bank of Tokyo, the Japanese foreign exchange specialist, has raised its consolidated net income by 4.1 per cent to ¥2,290m in the year to March 31, from ¥2,142m in the previous year, reports Reuters from Tokyo. Earnings per share were ¥13.93, against ¥13.39.

The First Viking Commodity Trusts

Commodity Offer 39.6 Trust Bid 37.6

Further boost for National Can

BY OUR FINANCIAL STAFF

STRONG DEMAND for beer, soft drinks and aerosol products helped National Can Corporation, the third largest canmaker in the U.S., to post a second quarter net earnings of \$15.6m, 12.5 per cent up on \$13.9m in the first quarter. The increase was led by higher

volumes which, combined with higher prices and production efficiencies, meant that margins improved significantly in the three-month period. The strong result sustained the first quarter profit surge, and net earnings for the half year are \$21.0m against \$14.7m a year ago. Sales in the first six

months are \$534.2m compared with \$456.6m to the end of June, 1978. The earnings per share figure at the halfway mark is \$2.28, and it puts the group well in line to achieve U.S. investment analysts' expectations of a full year figure around the \$3.95 mark.

BRANIFF second quarter dip

BY OUR FINANCIAL STAFF

A SHARP setback in second-quarter earnings is reported by Braniff International, the U.S. airline whose earnings performance in recent years has reflected its aggressive approach to the airline business. Second quarter 1978 earnings per share have fallen by 9 per cent to 44 cents following a decline of less than a tenth in the opening three months. The company blames rising fuel costs and points to a near 25 per cent increase in first half of this year compared with the same 1978 six months.

Pointing to the "substantially better performance from alumina operations"

with greater shipments and realised prices, directors say the higher alumina shipments were offset by higher costs. But the future in alumina looks bright as current forecasts are a major shortage in supplies.

Wheat

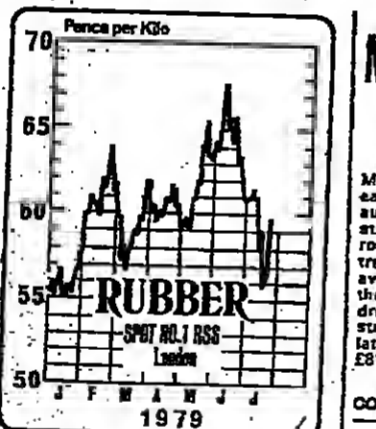
Imports: Wheat: CWSR No. 1 13 1/2, No. 2 13 1/2, No. 3 13 1/2, No. 4 13 1/2, No. 5 13 1/2, No. 6 13 1/2, No. 7 13 1/2, No. 8 13 1/2, No. 9 13 1/2, No. 10 13 1/2, No. 11 13 1/2, No. 12 13 1/2.

To: The Manager, London G.C.A.P. Bache Halsey Stuart (Ldn) Ltd, FREEPOST, London EC3B 3HR. Please forward details of your new discretionary guided commodity account programme—London G.C.A.P. appreciate there is a minimum investment level of £10,000.

COMMODITIES/Weekly review Renewed frost fears unsettle coffee

CONCERN OVER the Brazilian weather situation encouraged active trading in the London coffee futures market again this week. After an early fall on Monday news that Brazil had suspended coffee exports lifted prices and the advance was maintained on Tuesday by reports that frost had struck in the southernmost coffee-growing state of Parana.

But the rise was resumed on Thursday when the weather department warned of a new cold wave moving north from the Pacific. The Department yesterday issued a frost warning for southern Brazil covering this weekend, but this did not prevent another downturn in the market as speculators took their profits. Brazilian coffee growers were also reported to be concerned about the continuing dry weather which they said was hindering recovery from the



MARKET REPORTS

BASE METALS

COPPER—Moved ahead on the London Metal Exchange following a slight easing in sterling, forecasts of a fairly substantial decline in stocks and a strong rise in the morning owing to the trade interest and back cover. New trade interest in the morning owing to the trade interest and back cover. New trade interest in the morning owing to the trade interest and back cover.

GRAINS

IMPORTED WHEAT: CWSR No. 1 13 1/2, No. 2 13 1/2, No. 3 13 1/2, No. 4 13 1/2, No. 5 13 1/2, No. 6 13 1/2, No. 7 13 1/2, No. 8 13 1/2, No. 9 13 1/2, No. 10 13 1/2, No. 11 13 1/2, No. 12 13 1/2.

AMERICAN MARKETS

NEW YORK, July 20. THE PRECIOUS metals were extremely active on grid trading, having reached their highest levels since the early 1970s. Economic news from U.S. has not been a factor in the trading, rebounding for moderate gains. The livestock complex was under heavy trade and speculative pressure. Cotton acted well, sufficient to break the gold and silver markets. Grains and oil were uneventful.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Price, Change, High, Low. Includes categories like METALS, GRAINS, OILS, and SOYBEAN MEAL.

WHEAT

Table with columns: Wheat type, Price, Change, High, Low. Includes categories like No. 1, No. 2, No. 3, No. 4, No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, No. 12.

COFFEE

Table with columns: Coffee type, Price, Change, High, Low. Includes categories like Arabica, Robusta, and various grades.

THURSDAY'S closing prices

Table with columns: Commodity, Price, Change, High, Low. Includes categories like COCA, RUBBER, SOYBEAN MEAL, and various futures.

OTHER COMMODITIES

Table with columns: Commodity, Price, Change, High, Low. Includes categories like Cacao, Coffee, and various other goods.

COCA

Table with columns: Cocoa type, Price, Change, High, Low. Includes categories like Bitter, Sweet, and various grades.

RUBBER

Table with columns: Rubber type, Price, Change, High, Low. Includes categories like Smoked Sheet, Smoked Lumps, and various grades.

SOYBEAN MEAL

Table with columns: Soybean Meal type, Price, Change, High, Low. Includes categories like 48% protein, 50% protein, and various grades.

APPOINTMENTS

M. Harrison to be chairman of RHP

Mr. Malcolm Harrison, deputy chairman of RANSOME HOFFMANN POLLARD, is to become chairman on October 1 at the start of the company's next financial year.

Mr. J. McI. Griffith has been appointed a director of C. T. SOUTHWICK (INSURANCE) HOLDINGS.

Mr. R. G. Bartlett has been appointed managing director of WALTER LAWRENCE CIVIL ENGINEERING, a newly-formed subsidiary of the Walker Lawrence Group.

Mr. J. M. Bettles has been appointed chief property surveyor of PHOENIX ASSURANCE COMPANY.

Mr. Brian Lockwood has been appointed director of ANNIVERSARY HOUSE, of Bournemouth.

Mr. L. G. Stapford Sackville has resigned as a director of SELECTION TRUST, Mr. B. W. Paine has been appointed a director of that company and ceases to alternate director to Mr. J. N. Clarke.

Mr. Michael O. E. Burridge has been appointed contracts director of CODNER HARWARE, a member of the Cooder International Group.

Mr. Robert O. Maxted has joined HUNTING GATE DEVELOPMENTS as development surveyor. He was previously with Lains Properties and Grimley and Son.

Mr. G. Barker has been appointed managing director of SANKEY VENDING operations. He was previously chief executive of the Automatic Vending Division, Mr. J. Oakley, director and general manager of Sankey Finance, will report

Mr. F. A. Stephens has been made general manager of the BRITISH NEEDLE COMPANY, a subsidiary of the Aero Needles Group. He succeeds Mr. Mike Mackenzie, who has left the company to take up an appointment in general engineering.

Mr. G. Barker has been appointed managing director of SANKEY VENDING operations. He was previously chief executive of the Automatic Vending Division, Mr. J. Oakley, director and general manager of Sankey Finance, will report



Mr. G. Barker

Mr. Robert O. Maxted has joined HUNTING GATE DEVELOPMENTS as development surveyor. He was previously with Lains Properties and Grimley and Son.

Mr. D. T. Farber has been appointed a director of KENNING MOTOR GROUP. He has been with the group since 1960 and will continue as chief executive.

The Secretary for Energy has appointed Dr. Thomas Marsham and Dr. Lewis Roberts as full-time members of the UNITED KINGDOM ATOMIC ENERGY AUTHORITY for five years from August 1. Dr. Marsham will continue to be managing director of the Authority's Northern Office, Rately, and Dr. Roberts will remain as director of the Atomic Energy Research Establishment, Harwell.

Mr. K. R. Brown has been appointed a director of MARSTON THOMPSON AND EVERSHED.

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Mr. D. T. Farber has been appointed a director of KENNING MOTOR GROUP. He has been with the group since 1960 and will continue as chief executive.

Mr. Francis Mayer has been appointed a director of ROYAL WORCESTER.

Mr. D. C. Pardoc, assistant general manager, overseas division of COMMERCIAL UNION ASSURANCE, will be retiring on July 31.

Mr. Gordon M. Swales has become chairman of the MID-SUSSEX WATER COMPANY in place of Mr. J. Michael Whittington, who has retired from that post and remains on the board. Mr. Swales is also a director of the East Surrey Water.

Mr. Brian Swain has been appointed to the Board of TILL AND KENNEY and he also becomes a director of GIOUINGS AND DACRE, where he remains accountant and secretary. Mr. Stuart Carr, a director of Giddings and Dacre, joins the Till and Kenney Board, responsible for the builders' merchants operation, and Mr. Maurice Clifford, sales director of Giddings and Dacre, takes over the additional post of sales director. Till and Kenney. The parent concern is Whitworth.

Mr. R. Baldwin has been appointed deputy managing engineer of LLOYD'S REGISTER INDUSTRIAL SERVICES DEPARTMENT, who is replacing Mr. N. McLeod, who is retiring. Mr. Baldwin will be in charge of technical services, development and design appraisal, in addition to his responsibility for business group. Mr. E. F. Beld has become assistant managing engineer of Industrial Services in control of engineering, amalgamating the present power and general and oil general groups.

Mr. Michael Wright and Mr. Michael Mannion have been appointed joint managing directors of TRONDEX. Mr. Wright was formerly commercial director and Mr. Mannion, works director. The company is a member of the packaging division of the MY Dart Group.

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Mr. John S. Long, managing director of the Scotsman Publications, has been elected to the board of THOMSON REGIONAL NEWSPAPERS.

Mr. Michael Wright and Mr. Michael Mannion have been appointed joint managing directors of TRONDEX. Mr. Wright was formerly commercial director and Mr. Mannion, works director. The company is a member of the packaging division of the MY Dart Group.

Mr. Tim Bathbone, Conservative MP for Lewes, has become chairman of CHARLES BARKER COUTHARD, the executive search and management selection company in the Charles Barker Group. Mr. Bathbone has been chairman for the last three years, continues as a non-executive director providing a link with Charles Barker Recruitment of which he is chief executive. Mr. Michael Horstead, finance director of the Charles Barker Group, also joins the Board of Charles Barker-Couthard. Mr. Leslie Couthard remains chief executive. Mr. R. Johnson is a director of the Charles Barker Group and deputy chairman of group member ABH Limited.

Mr. Michael Wright and Mr. Michael Mannion have been appointed joint managing directors of TRONDEX. Mr. Wright was formerly commercial director and Mr. Mannion, works director. The company is a member of the packaging division of the MY Dart Group.

Mr. George F. Brantingham has been appointed managing director of TARMAC READY-CRETE (SOUTHERN), now operating as a separate subsidiary of Tarmac Roadstone (Southern). Mr. Brantingham is a director of the Charles Barker Group and deputy chairman of group member ABH Limited.

Mr. Michael Wright and Mr. Michael Mannion have been appointed joint managing directors of TRONDEX. Mr. Wright was formerly commercial director and Mr. Mannion, works director. The company is a member of the packaging division of the MY Dart Group.

Mr. John C. Campbell has been appointed chairman and chief executive of GINCINNATI MILACRON in the UK in addition to his responsibilities as director of European machine tool manufacturing and marketing operations. Mr. Jack Lee, formerly deputy group managing director, is now group managing director of that company.

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BRITISH FUNDS (680)

Table listing various British funds with columns for fund name, share price, and other details.

CORP. STOCKS FOREIGN

Table listing foreign corporate stocks with columns for company name, share price, and other details.

BANKS (130)

Table listing various banks with columns for bank name, share price, and other details.

BREWERIES (128)

Table listing various breweries with columns for brewery name, share price, and other details.

COMMERCIAL (2,018)

Table listing various commercial entities with columns for entity name, share price, and other details.

PUBLIC BONDS (10)

Table listing various public bonds with columns for bond name, share price, and other details.

COMMONWEALTH GOVTS. (5)

Table listing various Commonwealth governments with columns for gov name, share price, and other details.

FOREIGN STOCKS (2)

Table listing various foreign stocks with columns for stock name, share price, and other details.

COMMONWEALTH CORPN. (STOCKS) (—)

Table listing various Commonwealth corporations with columns for corp name, share price, and other details.

LOCAL AUTHORITY

Local authority chief executives were warned yesterday that unless they voluntarily cut staffing and local government expenditure then "some-one else is going to attempt to do it."

Mr. John Gruden, who is chairman of the Association of County Councils and chairman of County Councils policy and resources committee, was speaking at the Society of Local Authority Chief Executives' annual conference in Cheltenham.

His comments follow warnings from Mr. Michael Heseltine, Environment Secretary, that local authorities that ignore Government requests for manpower and spending cuts could be penalised.

Mr. Gruden said cutbacks should be administered at local level because "the nearer you are to the actual problems, the better able you are and the more likely you are to be taking the right decisions."

Mr. Michael Renouf has been accepted an invitation to serve another term as chairman of INDEPENDENT TELEVISION NEWS. Mr. Renouf, who is also chairman of Lodon Weekend Television, has been chairman of ITN since 1976.

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Stock Exchange dealings

Table showing stock exchange dealings for Thursday, July 19, Friday, July 20, and Saturday, July 21, with columns for date, volume, and price.

The first below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. The figures shown are those for the day's business, and are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and a stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 11.15 pm only, but later transactions are recorded in the following day's Official List. The figures shown are those for the day's business, and are distinguished by the dates shown in parentheses.

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Handwritten scribbles at the top of the page.

Table of financial data including 'LOCAL AUTHORITY BOND TABLE' and 'BUILDING SOCIETY RATES'. The bond table lists various authorities like Barnsley, Bradford, and Redbridge with their interest rates and terms. The building society rates table lists various societies like Abbey National, Alliance, and Halifax with their deposit rates.

Table of financial data including 'INSURANCE (127)', 'INVESTMENT TRUSTS (137)', and 'UNIT TRUSTS (4)'. It lists various insurance companies and investment trusts with their respective details.

Table of financial data including 'PROPERTY (106)', 'MINEs', 'Rhodesian (2)', and 'South African (45)'. It covers property listings, mining operations, and financial data for Rhodesia and South Africa.

Table of financial data including 'CURRENCIES, MONEY and GOLD', 'EXCHANGES AND BULLION', and 'GOLD'. It provides exchange rates for various currencies and gold prices.

Table of financial data including 'LOCAL AUTHORITY BOND TABLE' and 'BUILDING SOCIETY RATES'. This is a duplicate of the table in the first column.

Table of financial data including 'PROPERTY (106)', 'MINEs', 'Rhodesian (2)', and 'South African (45)'. This is a duplicate of the table in the second column.

Table of financial data including 'CURRENCIES, MONEY and GOLD', 'EXCHANGES AND BULLION', and 'GOLD'. This is a duplicate of the table in the third column.

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Footnote text at the bottom of the page, including 'Rates nominal variable in line with changes in ordinary share rates' and 'All these rates are after basic rate tax liability has been settled on behalf of the investor'.

LONDON STOCK EXCHANGE

Markets close week steady, despite sterling's reaction Largest-ever tap stock of £1.5bn to be issued

Account Dealing Dates Option
First Declara. Last Account Dealings Dates Dealings Day July 2 July 12 July 24 July 16 July 26 July 27 Aug. 7 Aug. 9 Aug. 10 Aug. 20
New firm's dealings may take place from 9.30 am two business days earlier.

Lloyds Bank down 2 at 330p, after 336p, got the clearing Bank dividend season off to an uninspiring start, reporting first-half profits which came in the middle of the range of market estimates.

Wallis retreat
The disappointing preliminary results and the Board's accompanying bearish remarks about current year prospects depressed Wallis Fashion which fell late to close 10 down at 72p.

FINANCIAL TIMES STOCK INDICES
Table with columns for various indices (Government Secs, Fixed Interest, Industrial, Gold Mines, etc.) and their values for July 20, 21, 16, 17, 18, 19, and a year ago.

HIGHS AND LOWS
Table showing high and low prices for various stocks on July 20 and 21, 1979.

ANZ Energy, which is 31.7 per cent owned by Silvermines, suspended persistent Irish buying of the latter which advanced to 56p, after a 1979 high of 56p.

NEW HIGHS AND LOWS FOR 1979

Table listing new highs and lows for 1979 across various sectors like BEERS, BUILDINGS, CHEMICALS, etc.

LONDON TRADED OPTIONS
Table with columns for Option, Excess Closing Price, Vol., Closing Offer, Vol., Closing Offer, Vol., Equity Close.

Engineering leaders ended the week on an extremely quiet note. Scattered support lifted GKN to 232p, but John Brown drifted back to close unaltered at 461p.

Despite the prevailing quiet conditions, Oil shares took the previous day's late rally a stage further. British Petroleum advanced 16 to 1,236p and Shell edged up 4 more to 340p among the leaders.

ACTIVE STOCKS

Table showing active stocks from yesterday and on the week, including ICI, Royal Dutch, Shell Transport, etc.

OPTIONS

Table with columns for Deal, Declara., Settlement, and dates for various options.

RISES AND FALLS

Table showing rises and falls in various stock categories like British Funds, Cpn. Debt and Foreign Bonds, etc.

RECENT ISSUES

Table listing recent issues with columns for Issue Price, 1979 High, Low, and Stock.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue Price, 1979 High, Low, and Stock.

"RIGHTS" OFFERS

Table listing rights offers with columns for Issue Price, Latest Return Date, 1979 High, Low, and Stock.

ON THE WEEK

Table showing stock performance on the week, including Shell Transport, BP, ICI, etc.

BASE LENDING RATES

Table listing base lending rates for various banks like A.B.N. Bank, Allied Irish Banks, etc.

FT-ACTUARIES SHARE INDICES

Large table showing FT-Actuaries Share Indices with columns for Equity Groups, Fixed Interest, and various stock indices over time.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Aberdeen Fund, Aberdeen Growth, Aberdeen Income, etc., with columns for name, manager, and performance data.

Minster Fund Managers Ltd. and other fund managers' names and contact information.

Table listing various unit trusts under Minster Fund Managers Ltd., including Aberdeen Fund, Aberdeen Growth, etc., with performance data.

Prudential Portfolio Mgrs. Ltd. and other fund managers' names and contact information.

Table listing various unit trusts under Prudential Portfolio Mgrs. Ltd., including Aberdeen Fund, Aberdeen Growth, etc., with performance data.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds such as Alexander Fund, Allen Harvey & Ross Inv. Mgt. (I.C.I.), etc., with columns for name, manager, and performance data.

INSURANCE AND PROPERTY BONDS

Table listing insurance and property bonds from various companies like Abney Life Assurance Co. Ltd., Crown Life Assurance Co., etc., with columns for name, company, and terms.

NOTES section containing additional information and disclaimers regarding the unit trusts listed.

NOTES section containing additional information and disclaimers regarding the insurance and property bonds listed.

NOTES section containing additional information and disclaimers regarding the offshore and overseas funds listed.



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and Yield.

Shorts (Lives up to Five Years)

Table of Short-term investments with columns for Name, Price, and Yield.

Five to Fifteen Years

Table of Medium-term investments with columns for Name, Price, and Yield.

Over Fifteen Years

Table of Long-term investments with columns for Name, Price, and Yield.

Undated

Table of Undated investments with columns for Name, Price, and Yield.

INTERNATIONAL BANK

Table of International Bank shares with columns for Name, Price, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth & African Loans with columns for Name, Price, and Yield.

FINANCIAL

Table of Financial instruments with columns for Name, Price, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and Yield.

BANKS & HP—Continued

Table of Banks & HP with columns for Name, Price, and Yield.

AMERICANS

Table of American stocks with columns for Name, Price, and Yield.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Price, and Yield.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and Yield.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals, Plastics with columns for Name, Price, and Yield.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers with columns for Name, Price, and Yield.

INDUSTRIALS (Miscel.)

Table of Industrials (Miscellaneous) with columns for Name, Price, and Yield.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, and Yield.

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ENGINEERING MACHINE TOOLS

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Table of Food, Groceries with columns for Name, Price, and Yield.

Table of Hotels and Caterers with columns for Name, Price, and Yield.

Table of Industrials (Miscellaneous) with columns for Name, Price, and Yield.

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MAN OF THE WEEK

Georgia on his mind

BY JUREK MARTIN

JIMMY CARTER has always said that Hamilton Jordan, more than anybody else, was the man who made him President in the first place. This week in Washington, as the President donned a new, tough face and as his Cabinet was radically altered, it became clearer than ever that the man newly enshrined as formal Chief of the White House Staff will determine whether or not the President makes it to a second term.



Hamilton Jordan stares into space a lot and hums

tempt he is thought to hold for official Washington. That quintessential establishment figure, Speaker of the House "Tip" O'Neill, has sought to fight back by calling him "Hannibal Jerkin". His sometimes boorish social behaviour—exemplified by the Affair of the Egyptian Ambassador's Wife's Cleavage and the Amaretto and Cream Incident—is introduced as further testament to his supposed provincialism and even sexism.

But there is much more to the man whose educational qualifications are limited to a Bachelor's degree obtained after, as he says, "Five and a half fun-filled years." Hamilton Jordan is the pure, instinctive political animal, aware of his lack of background on substantive issues, but a formidable practitioner of the art of politics.

It was his single-minded examination of the body politic that enabled him to draft in 1973 the now historic memorandum which laid out, with staggering prescience, how an obscure Southern Governor could become President of the United States. In the White House, where, until this week, he had no formal brief but the licence to roam freely he showed the ability to orchestrate complex political conditions which made possible the passage of such controversial items as the Panama Canal treaties and the Middle East arms sale package.

Oddly enough, he is, it is generally agreed, not a great shakes as an organiser. He tends to work by mirrors, not logic; he is had at returning phone calls (a sin in Washington) and jobs things down on the back of envelopes. But this is a style which, though it contrasts with the meticulous work habits of the President suits Jimmy Carter very well. There is symbolic relationship, possessing it seems, the closeness of father and son. Jordan has unlimited access to the Oval Office and, in his new role, will be able to control who else gets to see Mr. Carter as well.

BNOC shares likely to be put on sale

BY RAY DAFTER, ENERGY EDITOR

THE PUBLIC may be invited to invest in the British National Oil Corporation which, in the past three years, has emerged as biggest trader of North Sea crude oil.

British Aerospace is also expected to offer a substantial minority of its shares to the public. A Cabinet committee which has been reviewing the future role of BNOC is considering ways of injecting private money into the corporation. A Government statement could well be made by Mr. David Howell, Energy Secretary, next week.

It appears that the Cabinet has agreed that the Corporation should be retained, although in a significantly different form than that developed by the Labour Government and, in particular, by former Energy Secretary Mr. Anthony Wedgwood Benn.

Mr. Howell, in unveiling a package of measures aimed at stimulating offshore exploration and development, is expected to announce that a number of BNOC's privileges will be scrapped.

For instance, the Corporation's offshore monitoring role will almost certainly be transferred to the Department of Energy. While Corporation officials would still be expected to provide the Government with advice—much in the same way that private companies advise officials—it would not have access to confidential information. The offshore industry has criticised BNOC's "player and umpire" role, complaining that the Corporation could use secret information for commercial advantage. BNOC will also probably be prevented from sitting on oil consortia operating committees, except those in which it has an equity or operating stake. Neither will it be expected to take a majority stake in offshore licences.

It seems that the Corporation will be retained as a sizeable commercial entity for two basic reasons: its experienced exploration and development staff can maintain an extra force to offshore work at a time when the Government is anxious to speed up North Sea activity; and, as a wholly British company, it

can provide the UK with an important measure of oil supply security. At the moment BNOC's turnover is running at about £1bn a year; it is selling between 500,000 and 600,000 barrels a day. The future role of BNOC has been fiercely debated within Cabinet. It is understood that Mr. Howell has fought strongly for retaining the Corporation as a commercial company and against pressure for dismantling the organisation altogether. The Cabinet will next week consider whether private money might be injected into the Corporation. There has also been discussion on the possibility of selling off some of BNOC's assets; a possibility that has not been totally discounted. Other parts of Mr. Howell's package next week will probably include:

- Confirmation of the first batch of sixth round exploration licences, conditionally allocated in March, and the announcement of a seventh round of licences.
Greater operating freedom for offshore oil groups.

Times talks break down

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MAIN Board of the Thomson Organisation in Britain has been called into negotiations for re-starting the Times and Sunday Times after talks between the newspapers' management and trade union leaders collapsed yesterday.

Mr. Gordon Brunton, chief executive of Thomson British Holdings, agreed to the unions' request to meet the main board as soon as possible, after they virtually broke off relations with Times Newspapers.

Officials of the seven unions said they were unanimous in rejecting revised terms put to them yesterday. The difficulty of restarting the titles—suspended by the management on November 30 last year—could be even more acute, since officials of the electricians' and engineers' unions are also threatening to let their Times members disband and take other jobs in Fleet Street.

Times Newspapers originally demanded new agreements covering manning, disputes procedures and co-operation with computer-based typesetting. The question of who should control computer-linked keyboards has been put to one

side after stiff resistance from the NGA. The other issues, including operation of other new equipment, are the subject of the negotiations towards an interim agreement that failed yesterday. After the talks broke down

SOME 200,000 copies of a spoof newspaper, Not (yet) The Times, will appear next week. Produced by a group of journalists, including some from the Sunday Times, the paper will sell for 90p. It is a one-off effort which cost £20,000 to produce and is backed by London businessman Mr. Bill Colegrave.

Some union leaders considered flying to Toronto in the hope of reaching agreement directly with Lord Thomson of Fleet, the newspapers' proprietor. They accused Times management of going back on the terms offered by Sir Denis Hamilton, editor-in-chief, two weeks ago when the long deadlock was broken with significant management concessions. New proposals had been

imported into the nine-point charter for reinstatement of dismissed workers and republication of the papers, they claimed. Some of the conditions demanded would cut across agreements already signed by some union branches before the shutdown, and the document looked more like a final than an interim agreement. Mr. Les Dixon, president of the National Graphical Association, who chaired the union team, said afterwards: "The attitude of no way reflected the more helpful attitude that came across from Sir Denis Hamilton or the atmosphere when we met Ken Thomson and Gordon Brunton."

Other officials said the company had gone back to its pre-November negotiating position or had tried to win back even more ground than they had lost. Mr. M. J. Hussey, chief executive of Times Newspapers, said: "In all my long experience of such negotiations I have never come across a situation where compromise proposals, including significant improvements, were rejected out of hand and met with an absolute refusal to discuss them."

Receivers in at NEB-backed tanneries

BY CHRISTINE MOIR

RECEIVERS have been called in at British Tanners Products, the company formed in 1977 in which the National Enterprise Board has a 50 per cent stake.

The NEB injected £4.5m into the company, which owes the Department of Industry £15m. The company announced yesterday that it still urgently needed further permanent financial resources, although it has been trading successfully recently. Commercial losses were not available, as the company lost

£2.4m in 1977 and £640,000 last year. The NEB has decided against a further capital injection. Mr. Michael Grylls, MP, an outspoken opponent of the company since its inception, intends to call on Monday for a full inquiry into how the Government came to invest £6m in a company which it was warned at the time had no future.

British Tanners Products has been one of the NEB's most controversial investments. The announcement in 1977 that the NEB was to bail out Barrow Hepburn, the owner of the tanneries, by taking a 50 per cent stake and allowing British Tanners Products to repay loans of £10.4m to Barrow, raised so much immediate abuse and cry in the industry. A group of 14 tanning companies won permission from Mr. Sam Silkin, Attorney-General in the Labour Government, to take the NEB to court. They claimed it was unfair for the agency to prop up only one

company in the industry, when its support would intensify the fierce market pressures on tanning companies. They also complained the NEB was acting contrary to its statutory duty to invest on a commercial basis.

At the time the NEB replied that it expected to make money out of the company. Since then hide prices have risen steeply. The company has lost money despite closing its main tannery with the loss of 1,000 jobs. News Analysis, Page 3

Ladbroke plans £35m U.S. office park

BY JAMES BARTHOLOMEW

LEADBROKE GROUP, the leisure conglomerate, is to develop a £35m office complex at Westchester County, near New York, in conjunction with local interests. At the same time as yesterday's announcement, the Ladbroke board said it had "complete confidence" in Mr. Cyril Stein, the chairman. Three days ago the company failed in a court bid to have four London casino licences

renewed. Ladbroke is to appeal against the verdict. The Westchester deal was finalised by Mr. Stein yesterday. It will consist of an office park—an out-of-town development on a landscaped site. Ladbroke will own 51 per cent. The risk capital in the project was very low and the potential profit very high, Mr. Kurt Kilstock, chief executive of Ladbroke's property division, said yesterday.

U.S. currency borrowings on a non-recourse basis would finance all the building work, so Ladbroke could only lose half the cost of the land at worst—less than 3m, said Mr. Kilstock. The potential total capital profit on the four-year development was \$100m, he said. Office parks have become commonplace in the U.S. over the last ten years. The out-of-town low-rise buildings set in

Rio faces loss of uranium contract

By Jurk Martin, U.S. Editor in Washington

RIO ALGOM, the Canadian mining company 51 per cent owned by the UK group Rio Tinto Zinc, may lose a contract worth possibly \$770m (£235m) to supply 17m pounds of uranium oxide.

Rio Algom, which is 51 per cent owned by Rio Tinto Zinc, gained the contract from the U.S. Tennessee Valley Authority U.S. Tennessee Valley Authority electricity utility in 1974. As a result, Rio Algom embarked on a major expansion programme at its Elliot Lake Uranium City in Ontario. The mining complex is now virtually complete.

The contract is scheduled to run from this year to 1990. But Rio Algom now claims that TVA is taking action in the U.S. to declare the contract void.

A preliminary injunction has been obtained by Westinghouse Electric Corporation in the U.S. restraining TVA from making the first payment in Canada to Rio Algom under the contract. This payment, of U.S.\$22.7m (£11.3m), is for 500,000 lb of uranium oxide recently delivered by Rio Algom to the Canadian Government's Eldorado Nuclear for refining into uranium hexafluoride.

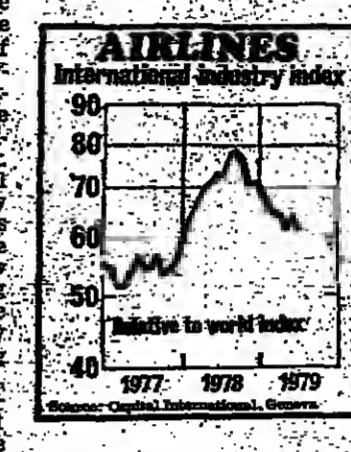
Rio Algom claims the preliminary injunction was obtained by Westinghouse as part of its anti-trust litigation in the U.S. against Rio Algom and other companies. TVA says it is required by the injunction to pay the \$22.7m into an escrow account under the jurisdiction of a U.S. court, rather than making payment to Rio Algom in Canada as required by the contract.

"But it would now appear that TVA intends unilaterally to repudiate all its obligations thereunder," adds Rio Algom. Rio Algom, which maintains that it has performed at all times in accordance with the contract, says it has negotiated with TVA twice this year in an attempt to ensure delivery and payment under the contract. If TVA continues to refuse to accept the terms of the contract, Rio Algom will seek alternative markets "while pursuing all appropriate legal remedies against TVA."

THE LEX COLUMN BA's long, bumpy take-off run

Index fell 0.7 to 471.2

AIRLINES International Industry Index



The arrival of the James Bond issue, Treasury 007, left the gilt-edged market barely stirred, let alone shaken. The authorities seem to have judged the market's underlying confidence well, and the fact that most of the stock does not become payable until the September banking month suggests that they are relatively happy about the funding position in banking August. Intentional liquidity will have been boosted by the heavy gilt-edged dividend payments being made this month, and the long life of the tap is a draw for funds wanting to match long liabilities. At present, there seems to be a willingness to pay a premium for stock maturing well into the next century, which means that the gross redemption yield of 12.19 per cent put the tap in line with the market.

In contrast to the firmness of gilt-edged, the equity indices have gone nowhere very much this week. But underneath the level trend shown by the broad indices, the equity market is remarkably polarised. Between the booming sectors like office food retailing and property, and the lagging manufacturing sectors there has been a divergency of the order of 40 per cent in relative strength so far in 1979, and the two sub-markets are still pointing in different directions. There is another two-way pull between the trends in dividends and earnings; dividend increases of 30 per cent are being commensurate with the fact that profits have been lifted, but manufacturing companies as diverse as Courtauld, Wedgwood and Gestetner have given ominous warnings about profits.

British Airways

The political tide is carrying British Airways towards a RP-type status as an independent listed company (though still with a majority Government shareholding). The problem is that the economic tide may not be surging in the same direction.

Next Thursday British Airways will announce its results for the year to the end of March. Pre-tax profits are likely to emerge at a record figure of over £80m. Assets employed could come out at a bit over £800m, against which debt may be £300m or a little more. It is a picture which would not look too bad in a prospectus. The trouble is, the flotation cannot come for at least another year—and the outlook for airlines has become distinctly more clouded. Fuel costs have rocketed in the last six months or so, and the prospects for

Lloyds Bank

Lloyds Bank opened the clearing banks' interim profits season with a solid 60 per cent increase in pre-tax profits to £122.8m. This was much in line with analysts' projections. But the 29 per cent increase in the interim gross dividend was not nearly so generous, given that Lloyds did not increase its dividend by more than 10 per cent at the time of the 1976 rights issue and its dividends have not kept pace with inflation. The current dividend is covered 5.6 times on a fully taxed basis—and it may decide to increase its payout further in the final stage. However, on the basis of a 28 per cent increase for the full year, the shares, at 380p, yield 5.9 per cent.

Lloyds' caution on its dividend partly reflects the fact that it knows that the current dividend is the last for many years. In its latest, half-year, the average base rate was two-thirds up on the comparable period of last year and nearly a third up on the second half of 1978. Margins have been squeezed but the combination of buoyant net interest revenues and a 13 per cent growth in group advances has led to an explosion in domestic profits.

This compares starkly with the experience at Lloyds Bank International which in common with Barclays Bank International, is finding the going very tough. LBI has built up an enviable reputation in the international merchant banking field but even this is not going to stop its profits from stagnating for the second year running. With interest rates showing no signs of falling in the short term, Lloyds' second half outlook is improving all the time. On present form the group should make pre-tax profits of £250m or so, compared with £182.8m in 1978.

However, the real interest in the full year figures will centre on Lloyds' treatment of its bad debts and its leasing business. Last year Lloyds stood out because of the very low level of its provisions and its decision not to provide for deferred tax on its leasing business. At the moment it is sticking to its decision on deferred tax but with further disclosure in the 1979 results, the bank's provisioning policy may be made more understandable to outsiders.

Weather

UK TODAY SUNNY intervals. Showers, mainly in the north and west. Rather cool. London, E. Anglia, Cent. S.W. Eng., Midlands, S. Wales. Sunny intervals, some showers developing. Max 19C (66F). S.E. Eng., Channel Is. Perhaps rain at first, scattered showers later. Max 19C (66F). E. Cent. N., N.E. Eng., Borders and E. Scotland. Occasional showers, locally heavy, sunny intervals. Max 18C (64F). N. Wales, Lakes, N.W. Eng., Isle of Man, N. Ireland. Showers, some heavy, sunny periods. Max 17C (63F). Orkneys, Shetland. Showers, some heavy, perhaps a few bright intervals. Max 13C (55F). Rest of Scotland. Showers, some heavy, sunny intervals. Max 16C (61F). Outlook: Sunny periods, showers, becoming warmer.

WORLDWIDE

Table with columns for location, temperature, and weather conditions. Locations include Algiers, Athens, Amsterdam, Berlin, Barcelona, Beirut, Belgrade, Bogota, Bonn, Brasilia, Buenos Aires, Calcutta, Cairo, Cardiff, Cape Town, Chicago, Copenhagen, Curitiba, Dallas, Delhi, Denver, Detroit, Frankfurt, Geneva, Ginebra, Harbin, Havana, Helsinki, Hong Kong, Indianapolis, Istanbul, Jaipur, Johannesburg, London, Lyons, Madrid, Manila, Mexico City, Moscow, Ottawa, Paris, Perth, Rome, Santiago, Sao Paulo, Seoul, Singapore, Stockholm, Taipei, Toronto, Vancouver, Warsaw, Wellington, Zurich.

British Airways

ational groups, as well as employees of the airline. British Airways' reaction yesterday was restrained. Mr. Ross Stainton, chairman, commented: "The Board of BA will be discussing the Government statement shortly in order to come to a view. I note that there is no question of disposal of any part of British Airways, and that there will be ample time for consultation." Gareth Griffiths writes: Trade union leaders expressed concern last night over increased staff overtime and possibility of baring away more profitable routes. Mr. Stan Davison, assistant

Discount rate

no seriously negative implications for financial markets, it still leaves a question-mark over who will succeed Mr. Miller at the Fed. The key market rate through which the Fed adjusts its monetary policy is the Federal funds rate. It moved up to 10 1/2 per cent yesterday from 10 1/4 per cent. This implied that the Fed is ready to see some increase in short-term interest rates to help the dollar. Peter Riddell, Economics Correspondent, writes: The dollar recovered yesterday in response to the rise in U.S. interest rates and following further support from the Fed.

Speculative positions

Speculative positions were also being closed after the recent weakness of the U.S. currency. The dollar rose to DM 1.8090 and its trade-weighted index, as calculated by the Bank of England, jumped by 0.5 points to 84.2. This still represents a decline of 1/2 a per cent on the week. The dollar's rally was matched by a weakening of sterling after its recent sharp rise. Its trade-weighted index slipped by 0.5 points to 72.3—still an appreciation of 1.8 per cent on the week. Trading was fairly quiet and the pound dropped by 2 1/2 cents against the dollar to \$2.2730, and to DM 4.131 compared with DM 4.15 on Thursday.

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